

# Management RECORD

May 1959 • Vol. XXI • No. 5

- The Managing Part of the Manager's Job
- Severance Pay in Manufacturing Companies
- New NLRB Rules on Union Hiring Halls
- Corporate Support of Higher Education



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# Management Record

May, 1959

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Vol. XXI, No. 5

## • In the Record •

### The Managing Part of the Manager's Job

The transition from a "doing" job to a "managing" job has proved difficult for many a capable employee promoted to the position of "boss." Just what does the managing function involve? Can it be defined in a way that will help the individual manager better understand his role and responsibilities in the company, and therefore function more effectively?

Kimberly-Clark is confident that the answer to this last question is yes. After combing the literature and talking with managers inside and outside the company, a committee decided that it would be more useful to define management in terms of *what it does* rather than *what it is*. From there, the committee went on to isolate eleven elements of management that can be used as a kind of check list and guide in solving the many organizational, development and communications problems that a company faces.

What these elements are and how they have been used at Kimberly-Clark are the subject of the article starting on the next page.

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### Severance Pay in Manufacturing

A generation ago, unemployment was often equated with indolence, and jobless relief with charity. Today, involuntary unemployment is widely regarded as a social as well as an individual problem; and corporation, trade union and government have marshaled imposing forces to assist the unemployed.

The chief method of corporate assistance is severance pay. "Severance Pay in Manufacturing," appearing on page 154, examines the size of the severance benefit provided by 242 plans in manufacturing companies to employees with varying years of service at termination. The article clarifies the distinction between short-service-oriented and long-service-oriented plans and analyzes interindustry differences in benefits. Also discussed are bargained plans and benefits for salaried nonunion employees.

• • •

### New NLRB Rules on Union Hiring Halls

As everyone knows, the Taft-Hartley Act outlawed the closed shop. After its passage, it was no longer legal to require an individual to be a union member before he could be employed. However, in certain industries, union hiring halls have continued to function as a method of recruiting workers for job openings.

But, today, many employers and unions are taking another look at their employment procedures. The NLRB's recent Mountain Pacific decision and the earlier Brown-Olds case have made this necessary if companies and unions are to avoid possible heavy penalties.

Just what these labor board findings mean in terms of the hiring process—what is legal and what is illegal—is carefully examined in the article, "New NLRB Rules on Union Hiring Halls." It starts on page 158.

• • •

### How to Support Higher Education

A prominent school administrator recently declared, "The Russian satellites may be the price we are paying for a generation of poorly financed schools." Although many people feel the problem of educational deficiency is not exclusively monetary, most would probably agree that lack of money is nevertheless a major facet.

American business recognizes a responsibility to help remedy the situation by contributing to our colleges and universities, even those that are state supported. This recognition of responsibility does not proceed from reasons of charity; rather it comes from the realization that business health and educational progress are intimately connected. But while the "why" of corporate giving to higher education is clear, the "how" is subject to considerable dispute. What is the best method of aid—scholarships, endowments, loans, fellowships, group giving, library assistance, or unrestricted grants?

The Round Table on page 162 summarizes the many types of aid to education, examines the corporate-giving programs of four companies, and presents six proven principles of educational assistance.

• • •

### A "New Philosophy" for Labor

Of late, organized labor has been loudly "bemoaning its outcast state." The impact of the postwar prosperity, the changing composition of the work force, and recent disclosures of union corruption have eroded much of its prestige.

Union leaders have been anxiously seeking a fresh approach with which to recapture the "spirit of '36." Such an approach or "new philosophy" is suggested by Gus Tyler in a Fund for the Republic study quoted in a prominent labor journal. "Labor Press Highlights," which begins on page 168, examines five components of Mr. Tyler's "new philosophy."



# The Managing Part of the Manager's Job

How should the management function be defined? One company has delineated eleven elements of management to get an answer to this sometimes sticky question

**M**ANAGERS, regardless of their titles or level within an organization, have certain responsibilities in common. Indeed, the fact that these common responsibilities exist may be said to be the distinctive feature of the managerial function as opposed to all other functions. Thus, when a skilled craftsman is elevated to the position of foreman, or an accomplished accountant becomes a supervisor, or a wage and salary specialist is promoted to director of the unit he has been working in, each assumes a set of new responsibilities—management responsibilities.

Just what this means has proved puzzling to many neophyte managers. For that matter, it continues to puzzle some who have long carried the title of "boss" in an organization.

The essential elements of the managerial responsibilities these people assume have proven quite elusive. Some managers as well as organization analysts have been content to label the managerial function an art, and in so doing have implied that the manager's job cannot be quantified. This view is most apt to be held when the term manager and leader are used somewhat synonymously.

On the other hand, companies in planning their organization structure and in delineating responsibility and authority have often detailed common responsibilities of those in managers' positions. Analysis of these common responsibilities shows a repeated emphasis on such things as planning, organization, personnel, schedules, and controls.

One of the better known attempts to classify the manager's work is that of Luther Gulick<sup>1</sup> who coined the term "posdcorb" as a description of the top executive's job. Substituting activities for letters, posdcorb becomes planning, organization, staffing, directing, coordinating, reporting and budgeting.

Others have settled for a more meager list of managerial functions. A fairly standard group of functions referred to in Conference Board reports<sup>2</sup> are planning, organizing, coordinating, motivating, and controlling.

Yet, not too many people or companies are satisfied

that what has so far been done by way of analyzing the managerial function is fully satisfactory.

Kimberly-Clark until recently was one of this group. Several years ago it was struck by the fuzziness of certain concepts and the problem of semantics in communicating with the management group about the manager's job. The lack of exactness hindered communication; just as important, it hindered the organization planning and management development work that Kimberly-Clark contemplated. The company felt a workable concept of the manager's job was necessary if there was to be a sound grading of various levels of responsibility within the organization. And attempts to develop managers would be mere sophistry without a basic understanding of a manager's functions as a guide to development.

A special task force was assigned the job of coming up with a practical definition of "manager." After combing the literature and talking with managers in and outside of Kimberly-Clark, the committee felt it wisest to define management in terms of *what it does* rather than *what it is*. The committee came up with eleven elements of management that it and Kimberly-Clark too feel are "orderly, logical and all inclusive."

Kimberly-Clark doesn't claim originality for its list. Nor is there any indication that the company projects this list as the definitive answer to the often-repeated question, "What is the manager's job?" But the company is content that the elements have provided a working basis for solving many, if not all, of the organizational, development, and communication problems within the management group.

## ELEMENTS OF MANAGEMENT

The eleven elements, which Kimberly-Clark describes as a mixture of things, actions, and thoughts, are:

- |                 |               |                 |
|-----------------|---------------|-----------------|
| 1. Objectives   | 5. People     | 9. Activities   |
| 2. Policies     | 6. Economics  | 10. Conformance |
| 3. Programs     | 7. Facilities | 11. Correction  |
| 4. Organization | 8. Knowledge  |                 |

Of course, there are semantic problems attached to these terms. After all, what is policy to one may be practice to another. So Kimberly-Clark attempts to pin these elements down by the following explanations:

<sup>1</sup> See "Notes on the Theory of Organization" by Luther Gulick, in "Papers on the Sciences of Administration," edited by Luther Gulick and L. Urwick, Institute of Public Administration, Columbia University, New York, New York.

<sup>2</sup> See, for example, "Organization of Staff Functions," *Studies in Personnel Policy*, No. 165.



**1. OBJECTIVES**—purpose of the activity; answers the question, "What must the work accomplish?"

Any activity large or small must have a purpose that is defined and understood. With the manager at the highest level, the objectives to be considered are those that apply to the total enterprise. At the foreman level, the objective becomes that of his unit in relation to the rest of the company.

**2. POLICIES**—general rules for guiding and restricting activities; answers the question, "What decisions are needed to guide the work?"

Kimberly-Clark calls policy "a decision made to do or not to do something." And to the extent that the decision influenced similar decisions, it constitutes policy. Policies, explains Kimberly-Clark, provide broad guidance to top, middle, and supervisory management in the performance of their assigned responsibilities. Procedures are merely the best methods of implementing policy. Systems are groups of procedures. Rules are very specific procedures. A "no smoking" sign in a certain mill area, for example, is a specific prohibition based on policy. . . . Policy permits all members of the organization to have common goals and common understandings of limitations on their authority."

**3. PROGRAMS**—comprehensive plans of activity; answers the question, "How and when will the work be done?"

Programs are the tangible form of achieving objectives according to established policy. Execution of a given company objective may take the form of different programs being set out for specific divisions or subsidiaries of Kimberly-Clark. Thus, the program mapped out by corporate headquarters becomes the objective of the next lower organizational unit, and so on down the line. The manager at each succeeding level, down to the foreman, must consider the program as well as the attendant plans and schedules necessary to achieve his unit's objective.

**4. ORGANIZATION**—identification, definition, grouping and assignment of activities; answers the question, "How will the work be divided?"

Top management is concerned with the grouping of work assignments, and the delegation of responsibility and authority necessary to attain corporate objectives. But managers at all levels are faced with the organization of activities and the maintenance of proper organizational relationships to accomplish unit objectives. Written or unwritten, cautions Kimberly-Clark, organiza-

### Kimberly-Clark's Elements of Industrial Management

| ELEMENTS        | DEFINITIONS   | KEY QUESTIONS  |
|-----------------|---|--|
| 1. Objectives   | Purpose of activity.  | What must the work accomplish?   |
| 2. Policies     | General rules for guiding and restricting activity.                                     | What decisions are needed to guide the work?                                 |
| 3. Programs     | Comprehensive plan of activity.   | How and when will the work be done?  |
| 4. Organization | Identification, definition, grouping and assignment of activities.                      | How will the work be divided?  |
| 5. People       | Requirement, provision and remuneration of individuals needed for activity.             | Who will do the work?  |
| 6. Economics    | Requirement, justification and provision of money needed for activity.                  | Is money available and the work profitable?                                  |
| 7. Facilities   | Requirement and provision of physical things needed for activity.                       | What will the work be done with?   |
| 8. Knowledge    | Concepts, principles and methods needed for activity.                                   | What "know-how" is needed to do the work?                                    |
| 9. Activities   | Actions necessary to accomplish.  | What action is needed?   |
| 10. Conformance | Establish standard, measure actual performance, and report any difference between two.  | What are the differences between what should be done and what is being done? |
| 11. Correction  | Evaluate deficiencies, identify causes, develop alternatives, recommend or take action. | What changes are needed?   |



tion always exists, and it must be a major concern of the manager.

**5. PEOPLE**—requirements, provision and remuneration of individuals who are needed for activity; answers the question, "Who will do the work?"

The farther up the management hierarchy an individual goes, the more he finds himself working with people and ideas. This is not to say that people assume importance only at higher levels. For carrying out an objective, the foreman like the president must be concerned with proper manning. He must select, train, place, direct, and provide motivation for the people who are to accomplish the unit's objectives.

**6. ECONOMICS**—requirements, justification, and provision of money needed for activity; answers the question, "Is money available and the work profitable?"

Cost is a concept that most managers are aware of. But Kimberly-Clark emphasizes that it must be a consideration of all levels of management, including the foreman. When any activity is contemplated, the manager must weigh alternatives in terms of cost and returns.

**7. FACILITIES**—requirements and provision of physical things needed for activity; answers the question, "What will the work be done with?"

Kimberly-Clark explains that, strictly speaking, people and economics are also facilities. But here the emphasis is on physical tools and those means of production other than money or people. It is the manager's responsibility to see that the tools, raw materials and other supplies are available.

**8. KNOWLEDGE**—concepts, principles, and methods needed for activity; answers the question, "What know-how is needed to do the work?"

Not just people but people with special knowledge may be required to carry out various activities. Kimberly-Clark's analysis distinguishes between two types of knowledge: management know-how, which involves background and skill in the concepts and ideas of management; and functional know-how, which covers the skills and educational background of the experienced craftsman or the professional lawyer or engineer. The manager at the lower level may be primarily concerned with making sure that functional knowledge is available. But at higher levels of management, the major concern is the availability of personnel with managerial knowledge to whom to delegate the responsibilities for the major functions of the enterprise.

**9. ACTIVITIES**—actions necessary to accomplish; answers the question, "What action is needed?"

In the carrying out of any function, certain actions are called for. The accounting function,

for example, could not be completed without actions in the form of data gathering and processing. So, by activities, Kimberly-Clark means the actual doing of the work. For management personnel, the "doing" or "performing" takes the form of "initiating, developing, recommending, directing, authorizing, or auditing"—to name a few of the managers' major activities.

**10. CONFORMANCE (Performance Measurement)**—establish standards, measure action and report any difference between the two; answers the question, "What are the differences between what should be done and what is being done?"

The often-used term "control" has too many semantic overtones for Kimberly-Clark's uses, so it substitutes "conformance." In a position description defining a supervisor's responsibility, conformance is described as follows:

1. The supervisor develops, recommends, and establishes standards of conformance for his department.

2. He keeps informed of actual department performance through reports, observation, discussion, interviews, etc. He so organizes his own duties that his daily schedule normally permits free time for inspection, observation, follow-up and consultation with various members of his department.

3. He develops, announces or publishes and distributes department performance information of all kinds, covering all phases of his department's activities.

**11. CORRECTION**—evaluate differences, identify courses, develop alternatives, recommend or take action; answers the question, "What changes are needed?"

In analyzing the differences between standards and performance, Kimberly-Clark emphasizes that the supervisor should also analyze why the differences occurred. In this analysis of why, the supervisor should review each of the foregoing ten elements to see whether or how they contributed to the deficiency.

### PUTTING THE ELEMENTS TO USE

The identification of these eleven elements of management was no academic exercise for Kimberly-Clark. The list has had many applications in organization and training. Equally important, for many supervisors, the eleven elements have served as a ready check list of points to be covered before undertaking or attempting to implement an assignment.

In organization, for example, the elements of management have aided in determining the extent of responsibility and authority assigned to the various levels of management. For merely checking the elements indicates that the scope of the managers' activities



vities at each level must vary. Top management's activity regarding objectives, policy, and organization, for example, must apply to the corporation as a whole.

At the foreman level, on the other hand, the scope of management's activity is limited, since foremen are working within objectives, policies, programs, and organization that have been established by higher authority. But even within this far smaller framework, the foreman is also concerned with setting up objectives, policies, programs, etc. that are applicable to his unit.

At Kimberly-Clark, this is made more clear through position descriptions set out for each level of management. The position description covers the common responsibilities of the manager, superintendent or foreman. In form, it follows the elements of management already noted.

The position description, in turn, serves Kimberly-Clark as a valuable orientation and training device. The meaning and possible application of each element is spelled out in great detail in the position specification in order to give the manager a good idea of his responsibilities. And in formal training sessions, too, the eleven elements serve as a basic framework in discussing any work problem or any managerial problem that may come up.

As already indicated, quite a few of Kimberly-Clark's managers also use these eleven elements of management as a check list to prepare for work on a project or as a means of locating the source of trouble when some problem arises. For example, the employment manager of a plant personnel department may be about to set up a recruiting program. Tucked under his desk blotter may be a card similar to the one illustrated on page 151. Ticking off the elements, he reviews the objectives of the recruiting program, the corporate policies that have application, and the rules or guides that must be set up if the recruiting program is to work. He considers the program that must be mapped out and he schedules the activities to be accomplished.

This leads to the next element, the organization required to carry out the recruitment program; the number of people necessary to do the recruiting, and any special knowledge required to perform psychological testing or screening that the program may call for. He checks the economics or expenditures required and the facilities necessary to carry on recruitment. He finally considers "conformance" in terms of the hiring standards that must be met by the new recruits, and the quotas to be achieved in terms of quality and quantity of new recruits desired. The final element, correction, comes later after the program has been in effect. Were desired results achieved, and if not, why not?

Implicit in the manager's application of these elements is constant communication with other staff or

line units, without whose specialized functional knowledge he could not complete his project.

Kimberly-Clark applies the elements of management not only to any function or activity a manager may undertake, but also to the management activity itself. The elements serve as a cross check in consideration of company objectives, policies, programs, etc. For example, in the case of the first element—objectives—management must think of the objective of having objectives, the policies that apply in the drawing up of objectives, the organization required to fulfill the objectives, etc.

The element "organization," when subjected to a cross check of the eleven elements, forces management to clearly define the objective of having good organization; the policies and principles that should be applied to organization; the people necessary to carry out proper organization, and so on down the complete list of eleven elements.

In short, Kimberly-Clark often finds itself using not just the eleven elements of management but the 121 elements that result from arranging the eleven elements both on a horizontal and vertical axis. This, Kimberly-Clark calls "planning the plan." Others might call it managing the managing.

There have been other dividends for Kimberly-Clark accruing from the analysis of the elements of management. For one thing, it has made for a clarification of the line and staff concepts. As a matter of fact, Kimberly-Clark has tried to drop the term staff from its lexicon; instead it uses the terms facilities and services to describe functions that are not line. And, of course, management development has been greatly influenced, since now Kimberly-Clark feels it has a much better grasp of the objectives of management development.

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## Management Bookshelf

### Power Unlimited—the Corruption of Union Leadership—

The first half of this volume summarizes the findings of the McClellan Committee, with emphasis on use of the secondary boycott, stranger picketing, and violence in organizing and strike situations. The author then turns to an interpretation of these findings. The unlimited power of unions, he argues, leads to unlimited abuse. He suggests that the answer lies not in labor reform bills, but in removing the special privileges of compulsion which unions have enjoyed. One measure he advocates is revoking the NLRB's judicial powers in unfair labor practice cases, and providing direct access to the courts in such cases. *By Sylvester Petro, The Ronald Press Company, New York, New York, 1959, 323 pp., \$5.*



# Severance Pay in Manufacturing

If an employee is terminated after five, ten, or twenty-five years with a company, what severance pay can he expect to receive? The Board reports on 242 plans

**W**ITHIN the last few years, manufacturing industries in particular have been faced with major problems of adjustment created by the recession, by movements to the South and West, as well as by automation and technological innovations.

In every such period of economic and technological change, renewed attention is focused on the process of the personal adjustment of employees to these major shifts in the work environment. Invariably some employees must make this adjustment by seeking work in another company, often in another community. At least since the Great Depression, many companies have sought to facilitate this adjustment by granting severance pay to supplement state unemployment insurance benefits.

As it has in three other periods of major economic adjustment (1936, 1942 and 1953), THE CONFERENCE BOARD last year asked a large number of companies whether they provided severance pay and, if so, on what basis it was paid. Unlike previous studies, the current one is limited to manufacturing industries. This article summarizes the basic findings in one area

—the size of the severance pay benefit. The complete study will soon be published in the Board's *Studies in Personnel Policy* series.

## THE GENERAL PICTURE

Because length of service is the key factor in nearly every severance pay plan, the plans can be compared only in terms of the benefit given to employees with a specified amount of service at termination. Table 1 shows the number of weeks' pay given in 242 plans to employees who have one year, five years, ten years, fifteen years, twenty years, and twenty-five years of service at termination.<sup>1</sup>

### One Year of Service

According to the table an employee with only one year of service at termination is most likely to receive a week's pay (eighty-eight plans). However, seventy-three plans give no severance pay while sixty-four provide two weeks' pay. Only seventeen plans provide more than two weeks' pay after a single year of service.

### Five Years of Service

The median benefit for an employee who is dismissed after five years of service is a month's pay. It is not likely that this employee would receive less than two weeks' pay (twenty-four plans) nor more than six weeks' pay (seventeen plans). Actually, within this range, he would be likely to receive either five or six weeks' pay (ninety-two plans), or else only two or three weeks' pay (eighty-six plans). Only twenty-three plans give the median benefit of a month's pay at five years of service.

### Ten Years of Service

For an employee with ten years of service, the median benefit provided by the 242 plans is eight weeks' pay. Only twelve plans provide more than thirteen weeks' pay for this amount of service; and the twenty-one plans that give exactly thirteen weeks' pay were nearly all negotiated in the rubber industry. Thus, leaving aside these Rubber Worker plans, the top limit provided by nearly one-third of the plans is eight or ten weeks' pay. However, nearly as many

<sup>1</sup>About a dozen plans were not used because the benefit is a dollar amount rather than some multiple of a week's pay.

**Table 1: Severance Pay at Various Lengths of Service in 242 Plans in Manufacturing Companies**

| Weeks of<br>Severance Pay | Length of Service |        |         |         |         |         |
|---------------------------|-------------------|--------|---------|---------|---------|---------|
|                           | 1 Yr.             | 5 Yrs. | 10 Yrs. | 15 Yrs. | 20 Yrs. | 25 Yrs. |
| Number of Plans           |                   |        |         |         |         |         |
| None .....                | 73                | 7      | 5       | 2       | —       | —       |
| 1 week .....              | 88                | 17     | 10      | 10      | 10      | 10      |
| 2 .....                   | 64                | 45     | 35      | 31      | 31      | 31      |
| 3 .....                   | 5                 | 41     | 14      | 15      | 13      | 13      |
| 4 .....                   | 10                | 23     | 31      | 23      | 23      | 21      |
| 5 .....                   | 1                 | 61     | 12      | 4       | 5       | 5       |
| 6 .....                   | —                 | 31     | 10      | 10      | 6       | 4       |
| 7 .....                   | —                 | 3      | 4       | 4       | 2       | 3       |
| 8 .....                   | —                 | 6      | 37      | 37      | 30      | 28      |
| 9 .....                   | —                 | —      | 2       | 2       | 3       | —       |
| 10 .....                  | —                 | 4      | 39      | 7       | 12      | 9       |
| 11 .....                  | —                 | —      | 3       | 2       | 1       | 2       |
| 12 .....                  | —                 | 2      | 7       | 11      | 14      | 16      |
| 13 .....                  | —                 | —      | 21      | —       | —       | 4       |
| 14 .....                  | —                 | 1      | —       | 2       | —       | 1       |
| 15 .....                  | —                 | —      | 1       | 41      | 3       | 5       |
| 16-19 .....               | 1                 | 1      | 7       | 9       | 8       | 4       |
| 20 .....                  | —                 | —      | —       | 7       | 35      | 4       |
| 21-24 .....               | —                 | —      | —       | 19      | 14      | 6       |
| 25 .....                  | —                 | —      | —       | —       | 1       | 31      |
| Over 25 .....             | —                 | —      | 4       | 6       | 31      | 45      |
| Median benefit .....      | 1 wk              | 4 wks  | 8 wks   | 8 wks   | 9 wks   | 10 wks  |



provide only two to four weeks' pay at ten years of service.

### Long-Service Employees

A distinction between "short-service-oriented" and "long-service-oriented" severance pay plans is crucial to the interpretation of benefits provided for service of fifteen, twenty and twenty-five years, as shown in the table.

The short-service plans are those that set an upper limit on severance pay, regardless of length of service. Typically, these plans reach a maximum benefit after five years or less of service, and they usually provide no more than a month's pay. The long-service plans, however, continue to add benefits as service increases.

Therefore, when the amount of severance pay is calculated for a long-service employee, it is obvious that two quite different groups of plans are being compared. An attempt to "average" the benefits of the two types only results in a benefit that is typical of neither group. For example, the median benefit of ten weeks' pay for a twenty-five-year employee, as shown in the table, hides the fact that 30% of the plans are of the short-service type that provide a month's pay or less at any service level, and another 30% are long-service plans that provide one week's pay or better per year of service.

Thus, the median benefit reflects primarily the "intermediate-service" plans—forty plans that set an upper limit of five through eight weeks of pay, generally after ten or fifteen years of service, and twenty plans that set an upper limit of nine through twelve weeks of pay, generally after the same period of service. The pattern for the employee with fifteen and twenty years of service is essentially the same: about one-third of the plans provide a month's pay or less; another third give a week or more per year of service; and the other third fall between these two extremes.

### INDUSTRY DIFFERENCES

The combination of a relatively small number of plans in each manufacturing industry studied and the division of these small groups into short-service- and long-service-oriented plans makes hazardous any precise generalizations about industry differences. However, it is apparent that, in a general way, some industries provide larger benefits than others for a long-service employee. This is illustrated in Table 2 which shows the benefit provided an employee with twenty years of service at termination.<sup>1</sup>

Obviously, the plans in rubber (almost all negotia-

**Table 2: Severance Pay for Twenty Years of Service, by Industry**

| Industry Groups                   | Total No. of Plans | Weeks of Severance Pay |          |           |            |                  |
|-----------------------------------|--------------------|------------------------|----------|-----------|------------|------------------|
|                                   |                    | 4 Wks. or Less         | 5-8 Wks. | 9-12 Wks. | 13-19 Wks. | 20 Wks. and Over |
|                                   |                    | Per Cent of Plans      |          |           |            |                  |
| All industries .....              | 235 <sup>a</sup>   | 32%                    | 18%      | 18%       | 5%         | 33%              |
| Rubber .....                      | 24                 | —                      | —        | 8         | —          | 92               |
| Food .....                        | 22                 | 9                      | —        | 14        | 5          | 73               |
| Chemicals .....                   | 44                 | 37                     | 11       | 16        | 2          | 34               |
| Other durables <sup>1</sup> ..... | 47                 | 23                     | 28       | 19        | 9          | 21               |
| Textiles .....                    | 17                 | 42                     | 29       | —         | —          | 29               |
| Petroleum .....                   | 19                 | 68                     | —        | —         | —          | 32               |
| Primary metals .....              | 32                 | 22                     | 50       | 22        | 3          | 3                |
| Electrical machinery....          | 30                 | 63                     | 10       | 7         | 13         | 7                |

<sup>1</sup> All but primary metals and electrical machinery.

<sup>a</sup> Excludes seven nondurables not classified.

ted) and in food provide relatively generous benefits; 92% and 73% respectively provide one week or better per year of service after twenty years with the company.

At the other extreme, benefits in electrical machinery are relatively modest; 63% of these plans provide no more than a month's pay for a twenty-year man. Similarly, the plans in primary metals provide small benefits; few plans in this industry grant more than three months' pay and almost three-fourths give two months' or less pay for the twenty-year man.

The plans in the chemicals, textiles and "other durables" industries largely conform to the average pattern; that is, one-third provides a month's pay or less; another third gives a week or more per year of service and the last third provides from five weeks' to three months' pay.

The petroleum industry is distinctly split into two groups: those that provide a month's pay or less for the twenty-year man and those that give a week or more per year of service. This latter group of plans are found in the larger oil companies and are not negotiated; the short-service plans are, for the most part, negotiated plans in smaller companies in the industry.

General differences among the industries also are apparent for short-service employees. This is illustrated in Table 3 (see page 156), which shows the benefit given an employee with five years of service at termination.

The plans in the rubber industry and primary metals provide relatively high benefits at this service level; 87% and 72% respectively provide five weeks' pay or better.

On the other hand, benefits are relatively small in food and electrical machinery. Only 8% of the plans in the food industry provide five weeks' pay or better and almost three-quarters give three or four weeks' pay. In electrical machinery, 63% of the plans give only one or two weeks' pay for five years of service.

Among the other four industry groups, some 30%

<sup>1</sup> The industry categories used in Table 2 result from the way in which this study was designed. The seven specific industries listed were studied in some detail because available data indicated that severance pay was quite common among both large and small firms in these industries. In the other manufacturing industries the larger employers were studied because data indicated that severance pay was relatively common only among this group.



to 40% of the plans give five weeks' pay or better; and 25% to 30% give three or four weeks' pay, except for petroleum in which better than half the plans provide three or four weeks' pay.

### THE NEGOTIATED PLANS

It is difficult to generalize about the size of the severance benefit in the survey's 105 negotiated plans because: (1) nearly 20% are the pattern plans negotiated by the Steelworkers; (2) another 20% are the pattern plans negotiated by the Rubber Workers; and (3) nearly 60%, including the Steelworkers' pattern plans, are short-service oriented.<sup>1</sup>

The Steelworker plans limit benefits to eight weeks' pay after ten years of service. The other short-service plans generally set maximum limits of two, three or four weeks' pay and in most cases require no more than five years of service to receive this maximum benefit.

These short-service-oriented plans have been combined with the plans that set no maximum in Table 4, and the amount of severance pay at six different levels of service has been calculated. It will be noted that the table does not include the bargained plans of the Steelworkers or the Rubber Workers, except that the benefits provided by these plans are indicated by *letter*; the *numbers* pertain only to plans outside these two unions.<sup>2</sup> In effect, then, four different groups of severance pay plans are compared in Table 4: (1) the short-service-oriented pattern of the Steelworkers; (2) this same type of plan in other industries; (3) the

long-service-oriented pattern found in the rubber industry and (4) this same type of plan in other industries.

As Table 4 indicates, the typical pattern outside steel and rubber for an employee with one year of service is one week's pay; relatively few do not provide a benefit and fewer still provide two weeks' pay. Steel and rubber, on the other hand, do not provide any benefits for an employee with only a year's service. (All plans in rubber require at least five years of service; in steel, three years.)

**Table 4: Severance Pay at Various Lengths of Service in Sixty-two Negotiated Plans, Excluding Those in Primary Metals and Rubber Manufacturing**

| Weeks of<br>Severance Pay | Length of Service |                 |                |                |                 |                  |
|---------------------------|-------------------|-----------------|----------------|----------------|-----------------|------------------|
|                           | 1 Year            | 5 Years         | 10 Years       | 15 Years       | 20 Years        | 25 Years         |
| No. of Plans              |                   |                 |                |                |                 |                  |
| None.....                 | 18 <sup>st</sup>  | 3               | 2              | 2              | ..              | ..               |
| 1 week.....               | 41                | 7               | 3              | 3              | 3               | 3                |
| 2.....                    | 8                 | 15              | 11             | 9              | 9               | 9                |
| 3.....                    | ..                | 22              | 9              | 10             | 8               | 8                |
| 4.....                    | ..                | 3               | 13             | 9              | 11              | 9                |
| 5.....                    | ..                | 11 <sup>r</sup> | 2              | 1              | 3               | 3                |
| 6.....                    | ..                | ..              | 4              | 5              | 1               | 1                |
| 7.....                    | ..                | ..              | ..             | ..             | ..              | ..               |
| 8.....                    | ..                | ..              | 8 <sup>a</sup> | 5 <sup>a</sup> | 3 <sup>a</sup>  | 1 <sup>a</sup>   |
| 9.....                    | ..                | ..              | ..             | ..             | 2               | ..               |
| 10.....                   | ..                | 1               | 7              | 1              | 3               | ..               |
| 11.....                   | ..                | ..              | ..             | 1              | ..              | ..               |
| 12.....                   | ..                | ..              | ..             | 1              | 1               | 3                |
| 13.....                   | ..                | ..              | 2 <sup>r</sup> | ..             | ..              | 2                |
| 14.....                   | ..                | ..              | ..             | ..             | ..              | ..               |
| 15.....                   | ..                | ..              | ..             | 13             | ..              | 2                |
| 16-19.....                | ..                | ..              | ..             | ..             | 2               | ..               |
| 20.....                   | ..                | ..              | ..             | ..             | 7               | 1                |
| 21-24.....                | ..                | ..              | ..             | 1 <sup>r</sup> | 7               | 1                |
| 25.....                   | ..                | ..              | ..             | ..             | ..              | 6                |
| Over 25.....              | ..                | ..              | 1 <sup>a</sup> | 1 <sup>b</sup> | 2 <sup>re</sup> | 10 <sup>rd</sup> |

<sup>a</sup> Basic Steelworker plan provides this benefit

<sup>r</sup> Basic Rubber Worker plan provides this benefit

<sup>a</sup> 35 weeks

<sup>b</sup> 52 weeks

<sup>c</sup> 40 weeks and 52 weeks; rubber plans: 31 weeks

<sup>d</sup> 30 weeks, 7 plans; 38, 50 and 52 in one each; rubber plans: 39 weeks

<sup>1</sup> Negotiated plans are, by and large, limited to unionized hourly employees. However, about one-quarter of these plans, though in the union contract, apply to everyone in the company.

<sup>2</sup> Of the twenty-three Steelworker plans, three provide somewhat different benefits at the ten-, fifteen-, twenty- and twenty-five-year-service levels. Similarly, as many as seven of the twenty plans in rubber provide somewhat different benefits from the basic pattern after fifteen years of service. These variants are not shown in the table. The number of weeks' pay shown for the rubber industry pattern is only approximate because the formula is in terms of a per cent of total earnings during credited service.

**Table 3: Severance Pay for Five Years of Service, by Industry**

|                                   |                  | Weeks of Severance Pay |         |         |         |         |         |              |
|-----------------------------------|------------------|------------------------|---------|---------|---------|---------|---------|--------------|
|                                   |                  | 1 Week <sup>b</sup>    | 2 Weeks | 3 Weeks | 4 Weeks | 5 Weeks | 6 Weeks | Over 6 Weeks |
| Industry Groups                   | Total Plans      | Per Cent of Plans      |         |         |         |         |         |              |
| All industries .....              | 235 <sup>a</sup> | 11%                    | 18%     | 18%     | 11%     | 22%     | 13%     | 7%           |
| Primary metals .....              | 32               | 3                      | 16      | 9       | —       | 3       | 63      | 6            |
| Rubber .....                      | 24               | 4                      | —       | 9       | —       | 79      | 4       | 4            |
| Petroleum .....                   | 19               | —                      | 16      | 47      | 5       | 11      | —       | 21           |
| Chemicals .....                   | 44               | 9                      | 25      | 11      | 14      | 27      | 2       | 12           |
| Other durables <sup>c</sup> ..... | 47               | 9                      | 21      | 9       | 21      | 21      | 13      | 6            |
| Textiles .....                    | 17               | 24                     | 18      | 12      | 11      | 35      | —       | —            |
| Food .....                        | 22               | 14                     | 5       | 50      | 23      | 4       | 4       | —            |
| Electrical mach'nry               | 30               | 30                     | 33      | 16      | 7       | 3       | 7       | 4            |

<sup>1</sup> All but primary metals and electrical machinery.

<sup>a</sup> Excludes seven nondurables not classified.

<sup>b</sup> Includes nine plans that provide no benefit at five years.



**Table 5: Severance Pay at Various Lengths of Service in 137 Salaried Plans**

| Weeks of<br>Severance Pay | Length of Service |         |                |                |                 |                 |
|---------------------------|-------------------|---------|----------------|----------------|-----------------|-----------------|
|                           | 1 Year            | 5 Years | 10 Years       | 15 Years       | 20 Years        | 25 Years        |
|                           | No. of Plans      |         |                |                |                 |                 |
| None.....                 | 17                | 3       | 3              | ..             | ..              | ..              |
| 1 week.....               | 47                | 10      | 7              | 7              | 7               | 7               |
| 2.....                    | 56                | 30      | 24             | 22             | 22              | 22              |
| 3.....                    | 5                 | 19      | 5              | 5              | 5               | 5               |
| 4 weeks (1 month).....    | 10                | 20      | 18             | 14             | 12              | 12              |
| 5.....                    | 1                 | 32      | 10             | 3              | 2               | 2               |
| 6.....                    | ..                | 8       | 6              | 5              | 5               | 3               |
| 7.....                    | ..                | 2       | 4              | 4              | 2               | 3               |
| 8 weeks (2 months).....   | ..                | 6       | 9              | 12             | 7               | 7               |
| 9.....                    | ..                | ..      | 2              | 2              | 1               | ..              |
| 10.....                   | ..                | 3       | 28             | 3              | 6               | 3               |
| 11.....                   | ..                | ..      | 3              | 1              | 1               | 2               |
| 12 weeks (3 months).....  | ..                | 2       | 7              | 10             | 13              | 13              |
| 13.....                   | ..                | ..      | 2              | ..             | ..              | 2               |
| 14.....                   | ..                | 1       | ..             | 2              | ..              | 1               |
| 15.....                   | ..                | ..      | ..             | 27             | 3               | 3               |
| 16-19.....                | 1                 | 1       | 6              | 9              | 6               | 4               |
| 20.....                   | ..                | ..      | ..             | 4              | 27              | 3               |
| 21-24.....                | ..                | ..      | ..             | 4              | 7               | 5               |
| 25.....                   | ..                | ..      | ..             | ..             | 1               | 24              |
| Over 25.....              | ..                | ..      | 3 <sup>a</sup> | 3 <sup>a</sup> | 10 <sup>b</sup> | 16 <sup>c</sup> |

<sup>a</sup> 52 weeks<sup>b</sup> 26 weeks, 3 plans; 31 and 32 in one each; 30 weeks in 2 and 57 weeks in 3<sup>c</sup> 26, 28 and 40 weeks in 2 plans each; 27, 30, 33, 35, 39, 48 weeks in one each and 52 weeks in 4 plans

For an employee with five years of service at termination, somewhat better than half the plans outside steel and rubber provide two or three weeks' pay. Another 18% give five or six weeks' pay, as the pattern plans in rubber and steel do.

Beginning with ten years of service, the disparate benefits provided by the short-service- and the long-service-oriented plans become apparent. Some 60% of the plans provide a month's pay or less for ten years of service; the rest provide, roughly, one week's pay per year of service—that is, eight or ten weeks' pay like the Steelworkers' pattern plans. The Rubber Worker plans provide thirteen weeks of pay for ten years of service.

For service of fifteen, twenty or twenty-five years, roughly half of the plans give a month's pay or less, with another grouping of plans in the eight-to-twelve-week zone; most of the others provide one week or better per year of service.

### SALARIED PLANS

As with the negotiated plans, generalizations about the size of the 137 salaried plans that can be compared are complicated by the presence of short-service-oriented plans that provide a maximum of a month's pay or less, usually after only a few years' service.<sup>1</sup> About a third of the salaried plans have such a maxi-

mum benefit. The severance pay provided by the salaried plans for six length-of-service levels is shown in Table 5.

The salaried plans as a group clearly provide larger benefits than the negotiated plans for an employee with one or five years of service at termination. For example, about 40% of the salaried plans provide two weeks' pay for an employee with only one year of service at termination and another 10% give three or four weeks' pay. Practically none of the negotiated plans give more than one week's pay for only one year of service.

For a five-year employee, 46% of the salaried plans provide better than a month's pay, but only 20% of the negotiated plans outside steel and rubber do so. When the Steelworker and Rubber Worker plans are added, half of all-negotiated plans in this study provide better than a month's pay just as in the salaried plans. But practically none of the negotiated plans provide more than six weeks' pay; 17% of the salaried plans do.

At ten years of service, the salaried plans provide about the same level of benefits as all negotiated plans as a group, although salaried benefits are appreciably greater than the benefits provided outside steel and rubber. This is illustrated below:

| Amount of<br>Severance Pay | Salaried<br>Plans | Negotiated Plans |                               |
|----------------------------|-------------------|------------------|-------------------------------|
|                            |                   | All              | Excluding Steel<br>and Rubber |
| 1 month or less .....      | 42%               | 37%              | 61%                           |
| 5 to 8 weeks .....         | 21%               | 32%              | 23%                           |
| 9 and 10 weeks .....       | 22%               | 10%              | 11%                           |
| Over 10 weeks .....        | 15%               | 21%              | 5%                            |

Differences between the salaried plans and negotiated plans are even less apparent in the benefits for the fifteen-, twenty- or twenty-five-year employee. To illustrate the pattern at these levels, data for twenty years of service are shown below:

| Amount of<br>Severance Pay                               | Salaried<br>Plans | Negotiated Plans |                               |
|--|-------------------|------------------|-------------------------------|
|  |                   | All              | Excluding Steel<br>and Rubber |
| 8 weeks' pay<br>or less .....                            | 45%               | 62%              | 55%                           |
| 9 weeks' pay to one<br>week per year<br>of service ..... | 22%               | 13%              | 10%                           |
| One week per year<br>of service or<br>more .....         | 33%               | 26%              | 35%                           |

The table shows the per cent of plans that give two months' pay (the Steelworker maximum) or less; the per cent that give nine weeks' pay up to one week's pay per year of service; and the per cent that give one weeks' pay or more per year of service.

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<sup>1</sup>Salaried plans generally are limited to salaried, nonunion employees. However, about 20% of these plans apply to everyone in the company. But in no event is the plan negotiated with a union.



# New NLRB Rules on Union Hiring Halls

The Mountain Pacific decision and the Brown-Olds case have made it necessary for many companies and unions to review their hiring procedures

**M**ANY COMPANIES and unions now operating under contracts that give the union responsibility to recruit new workers are carefully studying the new rules set up by the National Labor Relations Board to enforce Taft-Hartley provisions relating to the hiring process. The board's general counsel reports that he has received a multitude of questions on the new enforcement policy.

The NLRB's rules consist of two principal elements. One is the labor board's recent view that contract clauses giving unions exclusive control of hiring new workers are illegal in themselves.<sup>1</sup> The other is the rejuvenation and extension of a rule established in February, 1956—but little used since then—that all employees subjected to a closed shop will be reimbursed for any dues and initiation fees collected for a period of six months prior to the filing of charges with the NLRB.<sup>2</sup>

The reimbursement penalty, which can be assessed against either the union or the employer or both, depending on the circumstances, has proved costly in a number of cases. Although it has been used in the past only for closed-shop violations, it has now been applied in cases where unions have unlimited control of hiring, whether or not they operate a closed shop.

## The Mountain Pacific Decision

On April 1 of last year, the labor board made public its so-called Mountain Pacific decision, the landmark case which announced that the NLRB would give a new emphasis to its rules on union control of hiring. This decision has already had a strong influence upon such hiring practices.

The collective bargaining agreement in that case turned over to a union the task of recruiting qualified hod carriers who were to be used on construction jobs. The contract provided that if the union could not supply these workmen within forty-eight hours, the employer could then recruit them from other sources. The workman who brought the charges had asked for work a number of times at the union hiring hall and had been refused, although union members did receive jobs. He had at one time been a member of the union,

but when he asked to be reinstated he was refused.

In substance, this was a closed shop operation, and the union was operating as a closed union. However, the decision by the board rests on the extent of control turned over to the union by the contract rather than simply the practices that took place.

The labor board said that, as a result of the labor-management contract, the employer had no voice in the selection of applicants and that the hiring hall arrangement could encourage subservience by the applicants to union activity. The board's conclusion is stated in these words: "The employers have surrendered all hiring authority to the union and have given advance notice via the established hiring hall to the world at large that the union is arbitrary master and is contractually guaranteed to remain so."

In explaining the decision, the board also asserted that the Taft-Hartley Act does more than merely prohibit the use of pressure on job applicants to be enrolled in the union, as a condition of receiving work. According to the board, the Taft-Hartley Act also prohibits any pressure on job applicants that can impel compliance with obligations or supposed obligations of union membership, and with participation in union activities generally. The recruiting arrangement in this case, according to the board, depended solely on union sponsorship. It thus displayed and enhanced the union's power and control over the employment status. As a result, the board continued, applicants for employment would be concerned with how to please the union or its agents rather than with the skills, experience or virtues that are likely to win them jobs.

Since the enactment of the Taft-Hartley Act, the board has had occasion to rule on a variety of discriminatory practices in the operation of hiring halls. But it was not until the Mountain Pacific decision that it was called upon to decide a case "where the union's control over the tenure of employees was completely unrestricted," to use the language of the case.

Would it have been enough for the parties to issue a declaration that the contract was not meant to give the union power to discriminate in favor of union members?

Jerome D. Fenton, general counsel of the National Labor Relations Board, has said no. He explains that "the hiring hall safeguards spring not only from the

<sup>1</sup> Mountain Pacific Chapter of the Associated General Contractors, Inc., et al., 119 NLRB No. 126A.

<sup>2</sup> United Association of Journeymen & Apprentices, etc. (Brown-Olds Company), 115 NLRB No. 594.



Taft-Hartley provisions which ban discrimination, but arise equally from the ban against restraint and coercion of employees contained in other provisions of the act. . . ."

### Does the Union Retain Unilateral Control?

The reason that general reassurances against discrimination do not suffice, suggests General Counsel Fenton, is the possibility that restraint and coercion will remain so long as the union retains unilateral control.

The National Labor Relations Board has had occasion to rule on this issue. In two instances, contracts studied by the board gave the union what the board considered to be excessive control over the hiring process, but these contracts actually specified that there should be no discrimination against nonmembers. Yet, both contracts were found to be violations of the law.

The devices that allowed the union to control hiring in these two cases merit consideration, since they may indicate what kind of techniques the board will regard critically in future cases. In one, the union had control over seniority;<sup>1</sup> in the other, it had control of the selection of gang foremen who did the hiring.<sup>2</sup>

### Hiring Halls Not Necessarily Illegal

The board disavowed any intention to require the elimination of all hiring halls. Its purpose was explained as enforcing the prohibition of only those that virtually amount to closed shops.

Further, the board in effect encouraged employers and unions to make voluntary contract changes to eliminate illegalities. It specified three conditions which, if expressly included in the contract, would indicate that the agreement was not intended to be a discriminatory one and therefore not illegal in itself:

- Applicants are to be selected and referred to an employer without discrimination, and without reference to union membership, policies or requirements.
- The employer is to retain the right to reject any job applicant sent to him by the union.
- The parties are to post, in the places where employee notices are usually posted, the contract clauses relating to the hiring arrangement, including these three safeguards.

Whenever these three requirements are met, the contract setting up the hiring hall is not in itself illegal. However, this may not be conclusive in a particular case because there always remains a possibility that the actual *practices* under the contract may turn out to be discriminatory, even though the contract itself meets the board's test, as set up in the Mountain Pacific decision.

<sup>1</sup> *Pacific Intermountain Express*, 107 NLRB No. 887; 225F. 2d 343.

<sup>2</sup> *Houston Maritime*, 121 NLRB No. 57.

The fact that the board did not rule against all forms of hiring halls but only those which gave unrestricted control of employment opportunities to unions is of special consequence in certain industries where hiring halls are a traditional and widely used method for recruiting workers, such as the construction and maritime industries.

For example, in the building trades, the union hiring hall has operated as an employment agency serving substantial numbers of contractors and construction workers. Two of the factors leading to this development in the construction industry are the intermittent and temporary nature of the employment and the fact that, in many cases, contractors are strangers to the area in which the project is located.

### The Brown-Olds Doctrine

As stated earlier, the Mountain Pacific decision has an added importance because of the heavy monetary penalty that the board has applied in cases where the union had exclusive control of the hiring process: reimbursement of dues and initiation fees for as far back as six months before the charge was filed. And to this can be added the reimbursement of those dues and fees which were accumulating during the months that the case was going through the board's procedure, assuming that the alleged violation was not terminated by the voluntary action of the parties in the meantime.

The reimbursement penalty had been a matter of concern to some unions long before the Mountain Pacific decision of last year.

It made its appearance four years ago in the precedent-setting Brown-Olds Case.<sup>1</sup> There, by request of a union business agent, a construction job was denied a welder who belonged to an out-of-town union. He filed a charge of discrimination against the union with the National Labor Relations Board. The board awarded him the wages he had lost, but it also ruled that because the union had been illegally operating under a closed shop it had to reimburse all seventy-five members of this union, who were on the contractor's payroll and covered by the agreement, for the dues and fees they had paid.

Although the Taft-Hartley Act had outlawed closed shop practices in 1947, their continued existence in some degree in the construction, printing, theatrical and maritime fields has been reported from time to time. Nevertheless, charges are seldom filed with the board and penalties in the past usually have been light.

However, the Brown-Olds decision has led to a change in approach in some cases. Under that spur, some unions have begun redrafting their union security clauses in collective bargaining agreements, or have begun to keep records on the operation of such

<sup>1</sup> *Mountain Pacific Chapter of the Associated General Contractors, Inc., et al.*, 119 NLRB No. 126A.



clauses, in case they should be challenged in board proceedings.

An example of how heavy the penalty can be may be found in a case involving the International Typographical Union and the *New York Daily News*, decided in January of this year. There, the reimbursement penalty, which confronts either the union or the employer or both together, may be in the neighborhood of \$225,000.

The Ironworkers is one of the unions seeking to avoid the possible impact of the Brown-Olds decision. In a series of communications sent to the locals by the international, the Brown-Olds rule has been explained and countermeasures have been suggested. These have included changes in the international's constitution, a warning to locals not to exercise job discrimination, and a request that the locals amend existing labor contracts so as to conform with standard clauses on union security and job referral—clauses developed by the international to meet the special problems raised by the Brown-Olds case.

The referral clause to be inserted in Ironworker contracts provides that a minimum number of key employees will be hired directly by the employer, with all other employees to be furnished by the union. The union is to register all job applicants and give them a priority rating which varies according to a variety of factors, such as passing a journeyman's examination, having worked for an employer who has engaged in collective bargaining with the union, and having acquired varying amounts of past experience.

#### Voluntary Compliance Has Been Emphasized

An appreciation of the potency of the Brown-Olds penalty has led the board to use it sparingly and to give unions and employers an extended opportunity to comply voluntarily with the new enforcement rules.

In February of last year, the general counsel informed unions and employers in the construction industry that where voluntary efforts were made to correct illegal hiring hall practices by June 1, he would recommend that cases be settled without the use of the full Brown-Olds reimbursement remedy. The moratorium was later extended because the Mountain Pacific case, which contained the new enforcement rules, was made public about a month after the first announcement. As a result, if significant efforts to correct abuses were begun by September and completed by November 1, the full penalty was generally withheld.

After the moratorium expired, the board proceeded to apply the full Brown-Olds penalty in two cases,<sup>1</sup> where it found an exclusive hiring hall contract and where the three safeguards specified in the Mountain Pacific decision were absent.

#### Will Full Enforcement Continue?

General Counsel Fenton has expressed the view that the board's enforcement rules are still in an exploratory stage and changes are possible. But he has added:

"The board's decisions in Mountain Pacific and in Brown-Olds are unmistakably clear that certain illegal arrangements and practices call for full and complete correction. . . . Where practices [which are] illegal under the act remain as before, and due warnings go unheeded, then it is time for governmental processes to come into play."

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<sup>1</sup> Teamsters Local Nos. 37 and 501, 122 NLRB No. 72. *New York Mailers' Union* No. 6, ITU, AFL-CIO, 122 NLRB No. 92.

### **Management Bookshelf**

**Company Climate and Creativity**—The report of a survey of 105 scientists and administrators in a variety of pursuits, who have either themselves made distinguished contributions to their specialized fields, or have been active as administrators, teachers, or researchers in encouraging the creativity of others. The study was limited to the more important components of "climate," with considerable attention paid to those which are within the power of management to control. The study is intended as a guide for anyone concerned with action programs designed to improve the industrial climate for creative work. A bibliography (Appendix B) presents other sources for related reading. *Prepared by Deutsch and Shea, Inc., Technical Manpower Consultants; published by Industrial Relations News, 230 West 41st Street, New York, New York, 1959, 103 pp., \$10.*

**The Design of Cafeteria Counters**—This 8½x11 inch loose-leaf style manual is an informative study of principles governing the design of serving counters in company cafeterias. These principles are translated from mathematical formulas into actual working drawings. The concept of the waiting-line theory is discussed and reasons for delays in service are analyzed. Ten different design plans are evaluated in terms of the author's principles. Among these plans are several one-counter and parallel-counter arrangements, some with one and some with more than one check-out station. The author is the cafeteria manager of Norton Company, which has served meals to employees since 1895. Most of the studies presented in the text are based on experience in the company's main plant cafeteria. *By Maurice Chartrand, Ahrens Publishing Company, Inc., New York, New York, 1958, 40 pp., \$3.75.*



# Protecting the Industrial Worker's Eyesight

**P**ROTECTION of the industrial worker's eyesight is the reason for continuing research carried on by the Committee on Industrial Ophthalmology of the Council on Industrial Health of the American Medical Association. In the past year, three reports have been issued by the committee to aid the personnel of plant medical departments. These reports are reproduced here with permission of *The Journal of the American Medical Association*.<sup>1</sup>

\* \* \*

## Use of Water in Emergency Treatment of Chemical Eye Injuries

"The Committee on Industrial Ophthalmology, Council on Industrial Health, American Medical Association, has noted the tremendous saving of eyesight among industrial employees brought about by immediate and thorough flushing of harmful chemicals from the eyes by copious amounts of water. This has been found to be the most important first-aid measure in such cases.

"Published reports of research in the use of buffered neutralizing solutions have failed to show superiority of buffer instillation over proper water irrigation. Buffer action is essentially limited to neutralization of acid and alkaline substances. Water irrigation removes chemicals by mechanical flushing.

"It is the belief of the committee that copious irrigation with water is still the most universally available, effective, and practical emergency first-aid treatment of eyes injured by chemicals and is the method of choice in such cases.

## Effect of Fluorescent Light on Vision

"Fluorescent lighting is occasionally suspected of possessing harmful qualities not found in other forms of artificial illumination or in daylight. Both the ultraviolet and infrared components have been suspected. The Committee on Industrial Ophthalmology, Council on Industrial Health, American Medical Association, makes the following statement:

"The ultraviolet energy from clear blue summer sky light is several times as great per foot-candle as fluorescent light.

"Light from some fluorescent lamps resembles daylight more closely than that from tungsten-filament lamps. This color resemblance to daylight is a desirable quality.

"Infrared energy found in present-day fluorescent lighting produces no known physiological effect except that due to heat. Fluorescent light generates less heat per candle power than tungsten lamps.

"Glare may occur in any system of lighting. Its solution rests with proper installation and use.

"Individual tasks need different levels of illumination to provide a satisfactory degree of visual efficiency and eye comfort. Recommended levels (in foot-candles) have been established by the American Standards Association and the Illuminating Engineering Society and can be readily achieved through the use of properly installed and maintained lighting.

"Some individuals are light sensitive and experience eye discomfort from light regardless of its type or source. Constitutional and pathological factors should be considered, as well as the amount and kind of light.

"Noticeable flicker may be present in single tube installations, but usually is eliminated in modern multiple tube fluorescent installations.

"Fluorescent lighting is not harmful to the eyes. It does not cause visual discomfort if properly installed, maintained, and used.

## Eye Safety Equipment

"It has come to the committee's attention that questions have arisen in industry and the lay press as to whether eye safety equipment might produce eye disease. The committee makes the following statement:

"Eye disease is not caused by lenses in eye safety equipment. Substandard or improperly fitted lenses may cause annoyance and discomfort but not disease. Properly fitted safety goggles meeting the specifications of the National Bureau of Standards<sup>1</sup> will eliminate such problems.

"The committee is cognizant of the excellent results achieved in industry by well-conceived and well-executed eye protection programs, and thoroughly endorses them.

"Since eye protection programs involve medical eye problems, they are properly a part of industrial medical services and it is essential that such programs be under the supervision of a competent physician. The examination, fitting, and maintenance of eye protective wear should be under the supervision of an eye physician."

<sup>1</sup> American Standard Safety Code for the Protection of Heads, Eyes, and Respiratory Organs, Handbook H 24, Department of Commerce, National Bureau of Standards, 1938.

<sup>1</sup> See September 6, 1958 issue, p. 47.



# How to Support Higher Education

Industry aid to education is today the most dynamic area of corporate support. There has been (and continues to be) a marked growth in the number of companies coming to the aid of our colleges and universities and the extent of this aid. Also, industry is beginning to express a preference for certain types of aid over others, and, in the process, some new methods of support are evolving. These developments are examined in this Round Table discussion with a view toward helping companies achieve programs most appropriate both for themselves and for higher education.<sup>1</sup>

The panel agenda includes: (1) a summary of the various types of aid to education; (2) examples of four company programs; and (3) some proven principles of educational assistance. Panel members are:

- Kenneth G. Patrick, Consultant on Educational Relations and Corporate Support, General Electric Company
- Clint Pace, Director of Community Service, The Procter & Gamble Company
- Lester E. Waterbury, Vice-President, General Foods Corporation
- Robert B. Parker, Assistant to the President, American Brake Shoe Company
- G. Earl Best, Secretary-Treasurer, The Parker Pen Company
- John A. Pollard, Vice-President, Council for Financial Aid to Education, Inc.

Richard H. Andrews, Executive Director of the Corning Glass Works Foundation, served as Chairman of the panel.

**CHAIRMAN ANDREWS:** Industry is aiding higher education at the rate of \$130-\$140 million annually. This area of corporate support now accounts for about a quarter of total company contributions. I know of several companies in which educational support runs as high as two-thirds of the company's contribution budget. Just a decade ago the average was about 10% and many budgets failed to include this item at all.

The pattern of company aid to education is in constant flux. Several new types of aid have evolved

<sup>1</sup> This is a summary of a Round Table discussion held at the 391st Meeting of the National Industrial Conference Board in New York.

since January, 1956 when we last looked at this subject in a Round Table such as the one today.<sup>1</sup>

Industry agrees that there is no single best way to help our colleges and universities; this means that companies are constantly casting about for a fresh approach that will prove more beneficial to both themselves and education. Thus, there is always an opportunity for new ideas and I foresee new developments, some of which may have a revolutionary character.

As the members of our panel tell about their policies and practices, I would like you to think about these three questions in terms of your own communities:

What is the importance of the two-year college or the community college that could easily be in your town or your company's town?

What can you do with educational television in your company town, your own home office, or nationally?

What can you do to make colleges, perhaps unwillingly, cooperate to curb excessive expenditures and concentrate full resources on their educational purposes?

## Types of Aid to Education

by Kenneth G. Patrick<sup>2</sup>

**I** SHOULD like to establish rather quickly the business rationale for educational support. In plain talk, this consists for the most part in the answers to three questions:

1. Why does my company do anything to support education?
2. Why do we do what we do?
3. What's in it for us?

I think one would consider these questions to be fundamental, unless one yearns to be a whimsical philanthropist. In a real sense they make the list I will give you presently unnecessary except as an illustrative exercise or a demonstration of one man's preferences and prejudices. The answers involve a lot

<sup>1</sup> See "The Why and How of Corporate Giving," *The Conference Recorder*, June, 1956, National Industrial Conference Board.

<sup>2</sup> This speaker has since become vice-president, corporate relations, of the Council for Financial Aid to Education, Inc.



of soul-searching and research, and they probably differ for each individual business.

The needs of educational institutions will always be far greater than the dollars going to them. And this brings us to the first problem—selection. Unhappily for the educational institutions, there are many companies that never get past this point. Some, of course, never even get up to it. It is blessed to give, but when you are disbursing hard-earned business dollars, which must come off the price of your product or service, it is certainly better and wiser to invest and know why you are doing it. Philanthropy has no place in a properly managed business. But investment in relation to the needs and interests of your company is quite another matter.

If your reasons for giving are careless or nonexistent; if you are simply relieving the pressures put upon you by customers, by the community, and by others; if you are engaged in the costly and wasteful game of keeping up with the corporate Joneses; if you are giving as a matter of pride, then you are not properly discharging your responsibilities to the owners of your business.

Our company (General Electric) found that the real reasons for business support of education lie in furnishing new knowledge, in assuring a continuing supply of educated manpower, and in providing an economic, social, and political climate in which business can survive and make progress. I suspect the same reasons apply elsewhere, as well; but the important thing is to seek reasons that fit your own organization.

You cannot meet the challenge and discharge your obligations simply by writing checks. In addition to financial aid, there are three other types of educational aid that deserve your attention—communications, participation, and research.

By communications, I mean such things as publications, charts, films, exhibits, which began by giving information at the request of teachers and pupils.

Participation includes such familiar activities as business-education days and career days. Success depends on personal participation, not on lip service. Your presence in a schoolroom, in connection with such important activities as counseling, gives a teacher credibility and may be more important than financial assistance.

Research in the problems that lie between you and education is not only a great catalyst, but a fundamental factor in any sound program of educational relations. Business is the largest single user of the educational product and all too often does not know how it is using this product. The institutions know even less, despite the implications in the areas of curriculum and counseling.

And now for the list of types of financial and mate-

rial aid compiled from the standpoint of the business donor. (The donee often has other ideas.) The list is in two parts—*individual* and *institutional*—according to the type of beneficiary. Kinds of assistance directed primarily to help the individual are as follows:

1. *Scholarships*—A long, controversial category, this too often is the first imperfect symbol that comes to the business mind. It is aid to the individual—perfectly proper if your concern is employee relations—and almost never, except under rare and special circumstances, is it aid to education.

2. *Loans*—These are more appropriate to the circumstances in which we find ourselves today.

3. *Competitive fellowships*—The reference is to graduate fellowships awarded by a selection committee to individuals who apply and compete, and who select their own place of study. The needs are quite different here than in the case of scholarships. But in either instance, the award to the individual should be accompanied by a grant to the institution attended to pay for providing the education.

4. *Work and study programs*—These are largely industrial in origin, where employees ranging from apprentices to predoctoral candidates are enabled to go to school part time and work part time.

5. *Teacher programs*—The teachers are the initial beneficiaries of these programs in summer refresher courses for groups, or in the form of individual grants for longer periods, and most recently involving the spectacular and effective use of television. The objectives are the same—better teachers make better students make better educated people make progress.

The second, and by far the largest grouping, is the *institutional*. And here I have deliberately sought to leave out such things as retainers to educational people, research contracts, and what I call “easement” facilities—where a business “gives” a school equipment or facilities for educational purposes that it plans to use itself as a part of its business. Some outstanding institutions have been given so many assignments by companies that they have, in effect, forgotten that their business is to teach.

1. *Endowment*—This is popular with all educators but increasingly frowned upon by business people, who feel that education is really a business, and businesses operate on going funds.

2. *Capital grants*—Important and needed, but capital grants become less popular with business sources as the latter develop their educational assistance programs and lean more toward operating help.

3. *Equipment and materials*—The availability of this type of help depends on the nature of the business. The electrical and automotive industries find the furnishing of devices for instructional purposes worthwhile to both parties.



4. *Matching plans for alumni giving*—Because of GE's four years of experience with the Corporate Alumnus Program, I believe this may be the most promising new note in educational aid. The money is *new* money; the initiative is with the school where it properly belongs; the effect is to broaden greatly the base of educational support throughout our society, down to the individual who has never paid the full price for his education.

5. *Chairs*—These are not bad; but a chair has an element of rigidity that persists through the years and changing circumstances.

6. *Extra compensation for faculty*—This is being increasingly looked at by businesses that have a high demand for the product of certain kinds of faculty. It can be dangerous if not properly handled. "Proper" means making grants direct to the institution, and letting it apply the proceeds with due regard to its own internal problems. Business should not interfere in the delicate process of administering faculty compensation.

7. *Scholarship funds*—This is quite different from individual scholarships because it puts dollars into the institution, which is far better fitted to administer scholarship assistance. The saving is out of general funds.

8. *Assigned fellowships*—Here the fellowships given by business are assigned to an institution or particular graduate school, perhaps in a broadly designated field, and the institution selects the candidates.

9. *Research grants for graduate work*—These are somewhat newer and much desired by graduate schools. The restriction here is very broad, such as for chemistry or physics, and it is for the use of individual students, but without the comparative rigidity of the fellowship. However, research grants can be expensive.

10. *Library assistance*—The need for this type of aid has been with us for a long time. Libraries are important to the accreditation of small schools. In large schools there is great need for new library techniques.

11. *Work and teach programs*—Here we are almost back to the category of participation. Essentially, this is where a business makes its own paid personnel available for part-time teaching at all levels.

12. *Retired personnel*—The use of retired business people for both teaching and administrative jobs on the campus is a very new and almost nonexistent development. There is a surprising willingness on the part of mature business people to drop back economically and find a new outlet for their energies.

13. *The unrestricted grant*—Favored child of all educators, the unrestricted grant often seems to be the one of which business people are most wary. So far as the institution is concerned, it should be unrestricted; so far as the business donor is concerned, he

should know the existence of the specific needs. The businessman just doesn't like to see his dollars disappearing over the horizon without knowing the specificity of the need. Here it may startle you to find that the modest grant is surprisingly welcome. The important thing is that unrestricted grants are for needed purposes.

14. *Group giving*—This is support given to groupings of institutions and so administered. Some examples are the United Negro College Fund, the Council for Advancement of Small Colleges, and state and regional college fund-raising groups.

15. *Specialty giving*—This type of aid is usually given to organizations that have it in their power to achieve certain special ends denied to individual institutions. Two examples are the American Alumni Council and the Advertising Council, which, with its client, the Council for Financial Aid to Education, undertook the task of dramatizing the needs of higher education as a backdrop for the individual efforts of the schools and colleges.

## The Procter & Gamble Company Program

— by Clint Pace —

**P**ROCTER & GAMBLE is a manufacturer and distributor of a rather wide variety of products. Chiefly in the consumer field, we make soaps and synthetic detergents. We also make food products, toilet goods, paper products, and process seed oils. In addition, we manufacture cellulose and glycerine.

We have our headquarters in Cincinnati. We operate in approximately 126 countries all over the world, from here to Indonesia and back. We employ about 30,000 people.

Last year, our customers purchased \$1,295 million worth of our merchandise. We had a \$67 million net profit, which was split two-for-one between stockholders and company: \$2 to the shareholder, \$1 retained by the company.

We conduct very extensive research, both basic and product. In our basic research, we are largely concerned with what happens to molecules, and this can lead almost anywhere. Our product research, which is quite extensive, is designed to find out why people buy, what they buy, and what they don't have that they would like to buy.

Being the kind of company we are, we have long had a need for good people, and this need has increased with the growth of the company. We are often asked what limitations there are on what product lines we



can get into. There is a very severe limitation, and that is the limitation of good manpower. We go to great lengths to find good people through extensive recruiting activities.

By and large, the main hunting ground is the college campus, and there are a great number of colleges where our people go to talk with, and in some cases offer jobs to, the graduating seniors. Because of our need for people, I think we have been well aware of the value of higher education for a good many years now.

There is another reason for this awareness that is related to business and is quite apart from the obvious benefits which the country as a whole derives from education. This reason is that education promotes a higher standard of living, greater purchasing power, and a higher gross national product.



The company contributes to colleges and universities, through gifts to the Procter & Gamble Fund, which in turn passes the money on to colleges; the company also contributes through direct payment of fellowships of a technical nature.

This is what our program presently provides:

1. Fifty four-year scholarships going to thirty-five or more independent colleges and universities—these are the schools which, over a period of time, have furnished our company with the greatest number of college-trained people. In addition, we have the women's scholarship program which operates in ten women's colleges each year. The college selects the people who are to receive the scholarships. We select the institution only. All scholarships pay the full tuition, plus an allowance for books, fees and supplies; in addition, every year the college gets \$600 which it can use any way it pleases.

2. An unrestricted gift to the forty state and regional associations of colleges—we think that if you select a college as being worthy of the kind of money you want to give it, you have almost got to assume they know how to spend it.

3. Company fellowships in technical fields to doctoral or master degree candidates—this also includes summer and other interim-type graduate student work. Payment varies according to the nature of the fellowship itself. However, it provides the student with \$1,500 a year if he is single and \$2,100 a year if he is married, plus all his tuition and fees; \$1,200 is given as an unrestricted sum to the school.

4. A university program under which ten major independent universities each receive \$20,000 a year.

5. The special grants program to such funds as the United Negro College Fund, the National Fund for Medical Education, and universities that are close to our own company's center of operations

and on which we draw very heavily for our manpower.

This entire program costs about \$900,000 a year. Because of the unrestricted gift program and the fact that we don't select the students, we don't have very much administrative work. It is well to bear in mind that through the fund and the company, we make many other contributions that do require a good bit of administration.

The company, which contributes all of the money that the Procter & Gamble Fund distributes, pays all the costs of administration of the fund. This leaves the full amount of money held by the fund open for contribution. We have a director of scholarship on full-time duty. His job is to recommend scholarship schools and to maintain contact with the scholarship recipients.

Let me point out that this contact is quite a beneficent one. We do not require that any student study any particular course, and there are no strings whatever attached to his receiving the scholarship funds. But since we put him through college, we want him to know that we care what happens to him and are interested in whatever future he plans.



What is our evaluation of the program? I don't really know of any unfavorable experiences other than the comments of some colleges that are not a part of the program.

Our program is partly selfish. We think, in the first place, it will be a better country if the colleges are in good shape. We know that educated people make better employees. We know that education means higher incomes, and higher incomes mean higher standards of living, and this means that people will buy more of what we sell. We also happen to believe inherently in the principle of education for all who can profit from it.

Somewhere, in setting up a program of giving, we think, one has to draw a line. One has to have some sort of cutoff point, but this point can't be too arbitrary if the company is going to escape the feeling and the appearance of favoritism.

When our people started in the business of making unrestricted grants to colleges, we literally asked ourselves every possible question that we could think of that a college, which was not on our list, might want to ask us.

And we never, so far as I know, have had one question that we could not answer with some logic, and in some cases, not all, get back a reply that said, "Thanks very much. That does make sense to me." This is done by a simple explanation of why we do what we do. It is straightforward. We tell them we would like to include them, but we simply are unable to do so, and rather than give a few dollars to all, we are trying to

*(Continued on page 172)*



## PERSONNEL PRACTICES

### Safety Show on Successful Road Tour

Steel companies are naturally concerned with promoting safety in the manufacture of their products. But the wire rope division of one Pittsburgh steel company has gone a step further, according to *Steelways*, the publication of the American Iron and Steel Institute. It has taken to promoting safety in the use of its products by customers.

Last summer, it organized a show with three of its men as the cast. The show was sent out on the road to teach employees of other industrial plants the proper use of slings in overhead crane operation, and to review allied safety principles and techniques. The troupe travels from plant to plant in a station wagon. Working models include a double hook bridge crane, miniature pieces of equipment that such a crane would lift, color slides and display boards.

One of the three-man cast, a materials handling specialist, opens the show by demonstrating the correct hitching techniques; the second, a safety engineer, then explains the history and importance of the safety movement; and the third, a sales-service engineer, brings the performance to a close with a discussion of the design of wire rope and other types of lifting materials.

By the end of 1958, the troupe had already covered over 11,000 miles; and, everywhere, audience reaction was favorable. The show seems headed for a long run.

### ILGWU Considers Centralized Organizing Unit

At its convention in Miami next month, the Ladies' Garment Workers' Union will consider a proposal to centralize and intensify its organizing activities in order to deal with the special unionization problems in the women's wear industry.

One of these problems is the high turnover of both employers and union workers in this intensely competitive segment of the economy. Of the firms with which ILGWU bargains, 17% go out of business each year, and 15% of the workers are replaced every year. ILGWU and its affiliates long ago concluded that unless the union brought the new firms into the collective bargaining process and added the new workers to its membership rolls, some day it could find itself without either contracts or members. This apprehension, together with worry over the presence of occasional

"racketeer" rival unions, has sparked the new plan to centralize organizing activities.

In the past, each trade subdivision or union local has carried on its own organizing drives—with little coordination between groups. This work has been further complicated by the constant changes in the alignment of the 100 or more subunits of the industry, changes dictated by new styles and other factors.

The new plan calls for establishing a central organizing unit that will eliminate duplication in both costs and manpower. The international union also plans to get membership approval for a special committee to deal with jurisdictional conflicts between affiliates and to ensure that collective bargaining with garment shops will be conducted according to convenient groupings.

### Scholarship Plan Put On Gift-Loan Basis

A revised policy regarding the scholarship-award program of Wyman-Gordon Company, Worcester, Massachusetts, has been in effect during the current school year. Heretofore, the plan provided a scholarship to the son of a company employee for four years of study at Worcester Polytechnic Institute, beginning with the freshman year; the scholarship was renewed each year for the four-year program. The revised plan, which is called the Wyman-Gordon Financial Aid Plan for Education, is in the form of both a gift scholarship and a loan, to be available, on a renewal basis each year, for the full four-year term of a student.

The Polytechnic Institute, which is the administrator of the plan, recommends the person it considers the best candidate from among the applicants, and it determines the ratio of gift to loan each year of the four-year program. Thus, the student will receive some combination of both gift scholarship and loan each year, although the loan portion is optional. In all cases, the maximum yearly amount of aid available represents the cost of tuition for one year. Therefore, four students per year are normally enrolled at the Institute under this plan.

Acceptance of the financial aid does not obligate the recipient or the company and there are no restrictions with regard to the field of study chosen at the school. The student repays the loan and interest to the Institute. Before final decisions are made, the



company reviews and approves the Institute's recommendations in regard to the candidate and the amount of aid.

Wyman-Gordon Company also sponsors two full-tuition scholarships; one is at Cornell University, the other at Michigan College of Mining and Technology. Both of these scholarships are for one year. A different student, selected by the college, is the recipient each year.

### Benefits Extended to Summer Employees

Many of the benefits that ordinarily are available only to regular, full-time employees of a company are extended to summer employees of Chance Vought Aircraft, Incorporated, of Dallas, Texas. Sick leave, vacation, and Christmas payments are *not* extended if the individual works during the summer only. But if a summer employee returns to college to complete his senior year, for example, he is granted a leave of absence, and upon his return to work after graduation his sick leave and vacation eligibility includes all prior summer employment by the company.

### Longevity Pay

Long and faithful service wins more than approbation for employees of the Northwestern Mutual Life Insurance Company; it earns them extra cash as well. An "honorarium" of \$150 is awarded to every employee with ten years of service who has been at the top of his pay classification for at least two years. This honorarium, moreover, may be received once every three years thereafter.

And that's not all. Recipients of the honorarium also qualify for a special pay raise the following year. For clerical and maintenance employees on a salary basis the raise is \$60 a year, so long as the boost does not bring their salary to more than \$300 over the top of their pay classification. For employees on a weekly basis the raise is \$1 a week, so long as the boost does not bring their wage rate to more than \$5 over the top of their pay classification.

### Ratings Affect Layoff of Engineers

Members of the Engineers and Scientists Guild at Lockheed Aircraft's California division are rated twice each year by their supervisors, and these ratings help determine the order of layoff in the event of staff reduction. Seniority and other factors are considered in addition to the ratings.

The rating procedure is spelled out in the collective bargaining agreement, and the guild has requested members to cooperate fully with the company in its application. After the ratings have been made, each engineer is apprised of his standing during a confidential interview with his supervisor. He is entitled to

a copy of his rating and has thirty days in which to file a grievance.

The procedure, for which the union takes partial credit, is designed, according to the company, to give full consideration to present performance, potential ability and growth, and educational background, as well as other factors that could influence the engineer's present and future worth to the company.

### Film Helps Workers with Heart Trouble

How a heart attack victim is returned to useful employment with the aid of a Cardiac Work Evaluation Unit is described in "Back on the Job," a new film that the American Heart Association is distributing nationally, both for lay and professional audiences. The 16 mm. black and white sound film emphasizes the importance of teamwork on the part of the family physician, the employer, and the work evaluation unit.

The story of a thirty-nine-year-old oil refinery mechanic is depicted in this film. The cardiac evaluation unit working with him is one in Philadelphia sponsored by the Southeastern Pennsylvania Heart Association in cooperation with the Pennsylvania Department of Health. More than fifty Cardiac Work Evaluation Units across the country are sponsored by the American Heart Association.

### Good Sports

In the spring a young man's fancy is as apt to turn to the thrills of sports as it is to thoughts of love. That is probably one reason why the Grumman Athletic Association's drive to sign up all the company's 13,532 employees as members is doing so well. But it's not the only reason. An effective promotion gimmick also deserves some of the credit. A membership card in the GAA, which offers extensive sports activities extending all the way from softball and bocci to gardening and choral singing, costs \$1. Each employee purchasing such a card finds a stub attached. He fills out this stub with his name and department and returns it to the GAA. At the end of next January, all the stubs will be mixed up in a container and the first six names that are picked will be winners of hi-fi sets; the next fifty names drawn will get Grumman plane models. Thanks to both the spring and the innate gambling tendencies of most humans, 10,483 employees have already signed up as GAA members.

### New Personnel Term Defined

"Piggyback promotions" is a new term being used in personnel circles. It describes the job promotions that come in rather rapid succession, and seemingly without full justification, to the employee who is apparently riding on the coat tails of someone higher up.



## Propose "New Philosophy" for Labor

A "NEW PHILOSOPHY" for labor has been proposed by the director of the training institute of the International Ladies' Garment Workers' Union, AFL-CIO. Originally prepared by Gus Tyler as a paper for the Fund for the Republic, excerpts from the new philosophy are carried in the ILGWU's publication, *Justice*. Among the principles by which unions should function, suggests Mr. Tyler, are the following:

1. The most immediate tie of the union with its members must continue to be the improvement of working conditions—"bread-and-butter duties." But, in addition, the union needs a "broader religion than the dollar sign." It must also be concerned with industry and the economy as a whole, maintains Mr. Tyler.

2. Unions must maintain an interest in politics but they should place primary emphasis on social purpose rather than personal power and patronage.

3. Unions need "professional" leadership, says the ILGWU official, but, he adds, a "proper relationship between professional administration and democratic control" must be embodied in any new union philosophy.

4. There must be public accountability for union funds, declares Mr. Tyler, because of the large sums of money involved in running a union.

5. Unions should be able to act autonomously, says Mr. Tyler, but not to the point where they can do anything they please without any need to account to anyone. The kind of "modified autonomy" which the ILGWU official proposes is described as "if you want to carry the family name, you must not disgrace the family." In line with this kind of modified autonomy are the ethical practice codes established by the AFL-CIO, with their accompanying system of warnings, requests for reform, and ultimate expulsion.

Finally, proposes Mr. Tyler, unions, as semipublic institutions, should seek to have the proper kind of regulatory measures enacted through public laws. Unions should not, he says, try to escape regulation entirely, as this could lead to the abuse of union power and turn the public temper against unionism as a whole. Were this to happen, he says, the public would demand not just that union abuses be eradicated but that the unions themselves be destroyed.

### Hawaiian Statehood a Boon for AFL-CIO Unions

The passage of statehood for Hawaii means improved chances for more successful organizing on the islands by AFL-CIO unions, reports the *AFL-CIO News*. For the past twenty years, Hawaiian locals of AFL-CIO affiliates have operated at a disadvantage, says this publication. These locals were far removed from international union headquarters, and as a result they sometimes believed that they were being "treated as stepchildren." Consequently, according to the *AFL-CIO News*, AFL-CIO unions have played only a secondary part in the Hawaiian labor movement, while the dominant role has been played by the independent International Longshoremen's and Warehousemen's Union.

However, now that Hawaii has become a state, says the AFL-CIO organ, Hawaiian local unions expect more guidance and support from unions on the mainland. Several international unions that are not yet represented in Hawaii have made inquiries of the AFL-CIO representative there. Among the "fertile" fields for organizing, contends the *AFL-CIO News*, are the booming construction industry and the promised growth of tourist trades.

### Auto Workers' Net Worth Drops by \$7.2 Million

The drop in the dues-paying membership of the United Auto Workers, AFL-CIO, from an average of 1,315,461 in 1957 to 1,026,050 in 1958, is reflected in the 1958 financial report recently issued by the union. The net worth of the union, reported in the UAW publication, *Solidarity*, declined to \$28.5 million by December 31, 1958. The previous year-end net worth of the UAW had been \$35.7 million.

Excerpts from the Auto Workers' financial report, as well as the financial statements recently published by seventeen other labor organizations, are shown in the accompanying table.

### Employers Refute Attack on Productivity

Charges of featherbedding and restriction of output by bricklayers were rebutted by two letters in the Bricklayers Union magazine, the *Bricklayer, Mason and Plasterer*. What is unusual is that the rejoinders were written by an employer and an employer group.

Originally, a national employer association charged



## Finances of Eighteen Labor Organizations, as Listed in the Labor Press

| Union <sup>(1)</sup> and Source of Data   | Period Covered                       | Total Assets                 | Total Liabilities | Per Capita Tax              | Total Income Including Per Capita Tax | Total Expenses            |
|---|--------------------------------------|------------------------------|-------------------|-----------------------------|---------------------------------------|---------------------------|
| Auto Workers<br><i>Solidarity</i>   | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | \$28,998,520.29              | \$489,982.64      | n.l.                        | \$74,631,906.67                       | \$76,648,850.41           |
| Cigar Makers<br><i>Cigar Maker</i>  | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 143,998.24 <sup>(a)</sup>    | n.l.              | n.l.                        | 57,755.46 <sup>(b)</sup>              | 61,576.93 <sup>(c)</sup>  |
| Clothing Workers<br><i>The Advance</i>  | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 7,929,713.98                 | 120,266.25        | 3,226,297.72                | 4,023,328.09                          | 4,120,286.29              |
| Garment Workers, Ladies'<br><i>Justice</i>  | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 38,633,232.98                | 21,558,685.16     | 5,065,080.92                | 9,839,639.54                          | 6,849,576.41              |
| Hatters<br><i>Hat Worker</i>  | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | n.l.                         | n.l.              | n.l.                        | 635,970.83                            | 627,196.94                |
| Industrial Workers, Allied<br><i>Allied Industrial Worker</i>                                   | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 1,182,936.97                 | 395,530.04        | 550,084.50                  | 963,280.66                            | 1,023,414.98              |
| Machinists<br><i>The Machinist</i>  | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 21,123,332.17                | 572,321.31        | n.l.                        | 16,973,396.41                         | 14,999,531.57             |
| Papermakers and Paperworkers<br><i>United Paper</i>   | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 2,406,719.34                 | 10,715.78         | 2,189,234.95                | 2,316,157.19                          | 2,018,833.73              |
| Railroad Trainmen<br><i>Trainman News</i>   | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 5,039,701.27                 | 68,026.80         | 2,459,285.05                | 13,613,663.01                         | 13,758,895.06             |
| Railway and Steamship Clerks<br><i>The Railway Clerk</i>  | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 12,202,242.39                | 147,883.66        | 3,513,542.96 <sup>(d)</sup> | 3,921,760.59                          | 3,286,677.37              |
| Retail, Wholesale Union<br><i>R.W.D.S.U. Record</i>   | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 327,274.79                   | 26,511.45         | 1,224,116.47                | 1,247,842.74                          | 1,214,598.00              |
| Marine Firemen (affiliated with<br>Seafarers' International)<br><i>The Marine Fireman</i>       | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 1,775,715.56 <sup>(e)</sup>  | n.l.              | 448,785.00                  | 580,153.12                            | 514,373.25                |
| Sailors Union of the Pacific<br>(affiliated with Seafarers' Int'l)<br><i>West Coast Sailors</i> | Dec. 28, 1957<br>to<br>Dec. 27, 1958 | 5,046,542.54                 | 16,240.77         | 771,113.84 <sup>(f)</sup>   | 840,339.90                            | 570,158.41                |
| State, County Employees<br><i>The Public Employee</i>   | March 1, 1957<br>to<br>Feb. 28, 1958 | 857,344.71                   | 572,562.92        | 1,423,915.92                | 1,561,711.05                          | 1,608,734.11              |
| Street Electric Railway Employees<br><i>The Union Leader</i>                                    | July 1, 1958<br>to<br>Dec. 31, 1958  | (net worth, \$11,626,266.42) |                   | n.l.                        | 461,029.85 <sup>(g)</sup>             | 373,194.91 <sup>(g)</sup> |
| United Telephone Organizations<br>(Independent)<br><i>U.T.O. News</i>                           | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 72,221.14                    | 626.35            | 129,480.95                  | 145,231.56                            | 164,535.73                |
| Typographical Union<br><i>Typographical Journal</i>   | Jan. 21, 1959<br>to<br>Feb. 20, 1959 | 9,567,056.00                 | n.l.              | 55,544.50 <sup>(h)</sup>    | 1,256,333.01                          | 1,816,126.78              |
| Upholsterers<br><i>U.I.U. Journal</i>   | Jan. 1, 1958<br>to<br>Dec. 31, 1958  | 261,197.38                   | 120,614.08        | 711,271.62                  | 981,480.56                            | 979,723.69                |

<sup>1</sup> All unions are affiliated with the AFL-CIO unless otherwise indicated

<sup>a</sup> Total cash and investments

<sup>b</sup> Net cash receipts

<sup>c</sup> Net cash disbursements

<sup>d</sup> Per capita tax and initiation fees

<sup>e</sup> Union includes "total investment in property" and "cash"

<sup>f</sup> Dues and assessments

<sup>g</sup> General Fund only

n.l. Not listed

that bricklayers in the Chicago area were restricted to laying not more than 500 bricks a day, in contrast to previous years when "bricklayers . . . used to lay 1,000 bricks a day handily." However, in one of the letters of rebuttal, a building industry contractor points out that because of changes in construction methods, it is no longer possible to make valid comparisons of daily output. "The same rate of production is impossible," maintains this contractor, because of factors demanding "better standards of craftsmanship today than in the buildings of the past."

The second letter of refutation, written by a building contractors' association, specifically takes issue with the allegation that average bricklaying rates are slack. Admonishing the national employer group, the association declares, "in the past we have had differences with the Bricklayers Union. In this case, however, in all justice to the union, we are obliged to defend it from your conclusions." This association then points out that, according to its surveys, the national average rate of bricklaying production is 610 bricks per day. "Such production is good rather than bad," it adds.

#### Continue Drives on Racket Labor Papers

The International Association of Machinists, AFL-CIO, has begun a campaign against advertising salesmen fraudulently claiming to solicit advertising for IAM newspapers. Machinist President Al Hayes, announces *The Machinist*, has called upon all local lodges to warn employers against dealing with individuals making such solicitations. He has asked local lodges to call attention to a ruling, adopted in 1930 by the Machinists' union, that states:

"The name of the International Association of Machinists or any of its subordinate bodies cannot be used in connection with any advertising schemes of any description."

According to Mr. Hayes, it is not the policy of his union to solicit funds for advertising, nor does his union condone or authorize such solicitations by any agents or representatives. Such solicitation, says Mr. Hayes, "represents nothing more than an out-and-out racket."

Elsewhere in the labor press, the *AFL-CIO News* reports the indictment of three individuals on charges of soliciting advertising for a newspaper which fraudulently claimed to be an "official" organ of the AFL-CIO. The newspaper, which calls itself *The International Labor Record*, has no official standing in the labor movement, declares the *AFL-CIO News*.

#### Federal Reserve System Reform Urged by AFL-CIO

The Federal Reserve System affects all business activity in the United States by its broad influence on credit and money. However, *Economic Trends and Outlook*, an economic organ of the AFL-CIO, charges

that the selection of the board of governors of this system "has been such that the nation's economic growth lies in the hands of a narrow group—dominated by investment and big business interests." This, the AFL-CIO feels, can be remedied by making the board of governors "more representative of the public and including labor, consumer and small business interests."

To illustrate its impact on the American people, the AFL-CIO monthly examines the following functions of the board of governors:

- The board approves the discount rates charged by the local Federal Reserve Banks to their members. A rise in the discount rates will result in a corresponding rise in the interest rates on loans to consumers.
- The board members comprise a majority of the Federal Open Market Committee, which regulates the price and the amount of United States Treasury securities that the Federal Government will sell or buy on the open market. This, states *Economic Trends and Outlook*, directly influences the management and the cost of the public debt.
- The board represents the Federal Reserve System to the Congress and governmental departments. It is thus in a position to influence Treasury Department financing and in this way modify production and employment and determine the flow of the economy.

#### IBEW and IUE Seek to End Confusion Over Their Names

Both the International Brotherhood of Electrical Workers, AFL-CIO, and the International Union of Electrical Workers, AFL-CIO, are concerned about the confusion over their names in press reports, indicates the *IUE News*. According to this newspaper, both unions recently addressed letters to labor reporters in Washington, calling attention to news stories written about "The Electrical Workers," without further identification. Both unions point out instances where the lack of clear identification caused embarrassment to the union not actually involved in the various news articles. Even trade union publications themselves have added to the confusion, reports the *IUE News*.

One possible solution which both unions offer is to use the initials IBEW and IUE where full identification is not possible in news stories. According to the *IUE News*, this is preferable to other contractions that might leave a reader in doubt as to which union reference is being made.

#### AFL-CIO Opposes "Equal Rights" Legislation

"Every so often a phrase is foisted on the American public that sounds very good—but is very bad for that public," warns the *Electrical Workers' Journal*,  
(Continued on page 179)



# Significant Labor Statistics

| Item  | Unit              | 1959     |          |          | 1958   |        |        |        | Year Ago | Percentage Change                |                            |
|---|-------------------|----------|----------|----------|--------|--------|--------|--------|----------|----------------------------------|----------------------------|
|   |                   | March    | Feb.     | Jan.     | Dec.   | Nov.   | Oct.   | Sept.  |          | Latest Month over Previous Month | Latest Month over Year Ago |
| Consumer Price Indexes (BLS)                      |                   |          |          |          |        |        |        |        |          |                                  |                            |
| All Items.....                                    | 1947-1949 = 100   | 123.7    | 123.7    | 123.8    | 123.7  | 123.9  | 123.7  | 123.7  | 123.3    | 0                                | +0.3                       |
| Food.....   | 1947-1949 = 100   | 117.7    | 118.2    | 119.0    | 118.7  | 119.4  | 119.7  | 120.3  | 120.8    | -0.4                             | -2.6                       |
| Housing.....                                      | 1947-1949 = 100   | 128.7    | 128.5    | 128.2    | 128.2  | 128.0  | 127.9  | 127.9  | 127.5    | +0.2                             | +0.9                       |
| Apparel.....                                      | 1947-1949 = 100   | 107.0    | 106.7    | 106.7    | 107.5  | 107.7  | 107.3  | 107.1  | 106.8    | +0.3                             | +0.2                       |
| Transportation.....                               | 1947-1949 = 100   | 144.9    | 144.3    | 144.1    | 144.3  | 144.5  | 142.7  | 141.3  | 138.7    | +0.4                             | +4.5                       |
| Medical Care.....                                 | 1947-1949 = 100   | 148.8    | 148.6    | 147.6    | 147.3  | 147.0  | 146.7  | 146.1  | 142.3    | +0.1                             | +4.6                       |
| Personal Care.....                                | 1947-1949 = 100   | 129.7    | 129.8    | 129.4    | 129.0  | 129.1  | 128.8  | 128.7  | 128.3    | -0.1                             | +1.1                       |
| Reading and Recreation.....                       | 1947-1949 = 100   | 117.3    | 117.1    | 117.0    | 116.9  | 117.0  | 116.6  | 116.6  | 117.0    | +0.2                             | +0.3                       |
| Other Goods and Services.....                     | 1947-1949 = 100   | 127.3    | 127.4    | 127.3    | 127.3  | 127.3  | 127.2  | 127.1  | 127.2    | -0.1                             | +0.1                       |
| Employment Status (Census)                        |                   |          |          |          |        |        |        |        |          |                                  |                            |
| Civilian labor force.....                         | thousands         | p 68,189 | 67,471   | 67,430   | 68,081 | 68,485 | 69,111 | 68,740 | 67,510   | +1.1                             | +1.0                       |
| Employed.....                                     | thousands         | p 63,828 | 62,722   | 62,706   | 63,973 | 64,653 | 65,306 | 64,629 | 62,311   | +1.8                             | +2.4                       |
| Agriculture.....                                  | thousands         | p 5,203  | 4,692    | 4,693    | 4,871  | 5,695  | 6,404  | 6,191  | 5,072    | +10.9                            | +2.6                       |
| Nonagriculture industries.....                    | thousands         | p 58,625 | 58,030   | 58,013   | 59,102 | 58,958 | 58,902 | 58,438 | 57,239   | +1.0                             | +2.4                       |
| Unemployed.....                                   | thousands         | p 4,362  | 4,749    | 4,724    | 4,108  | 3,833  | 3,805  | 4,111  | 5,198    | -8.1                             | -16.1                      |
| Large Earners (BLS)                               |                   |          |          |          |        |        |        |        |          |                                  |                            |
| Employees in nonagr'l establishm'ts...            | thousands         | p 50,812 | r 50,306 | r 50,310 | 51,935 | 51,432 | 51,136 | 51,237 | 49,690   | +1.0                             | +2.3                       |
| Manufacturing.....                                | thousands         | p 15,925 | r 15,772 | r 15,674 | 15,749 | 15,795 | 15,536 | 15,755 | 15,355   | +1.0                             | +3.7                       |
| Mining.....                                       | thousands         | p 687    | r 694    | r 704    | 713    | 712    | 708    | 711    | 733      | -1.0                             | -6.3                       |
| Construction.....                                 | thousands         | p 2,420  | r 2,251  | r 2,343  | 2,486  | 2,784  | 2,887  | 2,927  | 2,316    | +7.5                             | +4.5                       |
| Transportation and public utilities.....          | thousands         | p 3,869  | r 3,832  | r 3,836  | 3,881  | 3,885  | 3,897  | 3,886  | 3,910    | +1.0                             | -1.0                       |
| Trade.....  | thousands         | p 11,055 | r 10,989 | r 11,052 | 11,976 | 11,382 | 11,225 | 11,151 | 10,939   | +0.6                             | +1.1                       |
| Finance.....                                      | thousands         | p 2,383  | r 2,371  | r 2,363  | 2,373  | 2,374  | 2,380  | 2,392  | 2,348    | +0.5                             | +1.5                       |
| Service.....                                      | thousands         | p 6,374  | r 6,333  | r 6,314  | 6,384  | 6,426  | 6,463  | 6,472  | 6,267    | +0.6                             | +1.7                       |
| Government.....                                   | thousands         | p 8,099  | r 8,064  | r 8,024  | 8,373  | 8,074  | 8,040  | 7,943  | 7,822    | +0.4                             | +3.5                       |
| Production and related workers in mfg. employment |                   |          |          |          |        |        |        |        |          |                                  |                            |
| All manufacturing.....                            | thousands         | p 12,088 | r 11,949 | r 11,855 | 11,930 | 11,981 | 11,721 | 11,940 | 11,542   | +1.2                             | +4.7                       |
| Durable.....                                      | thousands         | p 6,913  | r 6,805  | r 6,739  | 6,740  | 6,742  | 6,421  | 6,579  | 6,502    | +1.6                             | +6.3                       |
| Nondurable.....                                   | thousands         | p 5,175  | r 5,144  | r 5,116  | 5,190  | 5,239  | 5,300  | 5,361  | 5,040    | +0.6                             | +2.7                       |
| Average weekly hours.....                         | number            | p 40.1   | r 40.0   | 39.9     | 40.3   | 39.9   | 39.7   | 39.9   | 38.6     | +0.3                             | +3.9                       |
| All manufacturing.....                            | number            | p 40.5   | r 40.3   | 40.4     | 40.8   | 40.3   | 40.0   | 40.2   | 39.0     | +0.5                             | +3.8                       |
| Durable.....                                      | number            | p 39.4   | 39.4     | 39.3     | 39.6   | 39.4   | 39.3   | 39.4   | 38.1     | 0                                | +3.4                       |
| Average hourly earnings                           | dollars           | p 2.21   | r 2.20   | 2.19     | 2.19   | 2.17   | 2.14   | 2.14   | 2.11     | +0.5                             | +4.7                       |
| All manufacturing.....                            | dollars           | p 2.37   | r 2.36   | 2.35     | 2.35   | 2.33   | 2.29   | 2.30   | 2.25     | +0.4                             | +5.8                       |
| Durable.....                                      | dollars           | p 1.99   | 1.98     | 1.98     | 1.97   | 1.96   | 1.95   | 1.95   | 1.93     | +0.5                             | +3.1                       |
| Average weekly earnings                           | dollars           | p 88.62  | r 88.00  | 87.38    | 88.26  | 86.58  | 84.96  | 85.39  | 81.45    | +0.7                             | +8.8                       |
| All manufacturing.....                            | dollars           | p 95.99  | r 95.11  | 94.94    | 95.88  | 93.90  | 91.60  | 92.46  | 87.75    | +0.9                             | +9.4                       |
| Durable.....                                      | dollars           | p 78.41  | r 78.01  | 77.81    | 78.01  | 77.22  | 76.64  | 76.83  | 73.53    | +0.5                             | +6.6                       |
| Straight time hourly earnings (estimated)         |                   |          |          |          |        |        |        |        |          |                                  |                            |
| All manufacturing.....                            | dollars           | p 2.15   | 2.14     | 2.13     | 2.12   | 2.11   | 2.03   | 2.08   | 2.07     | +0.5                             | +3.9                       |
| Durable.....                                      | dollars           | p 2.30   | 2.29     | 2.28     | 2.27   | 2.26   | 2.23   | 2.23   | 2.21     | +0.4                             | +4.1                       |
| Nondurable.....                                   | dollars           | p 1.95   | 1.94     | 1.94     | 1.92   | 1.92   | 1.91   | 1.91   | 1.90     | +0.5                             | +2.6                       |
| Turnover Rates in Manufacturing (BLS)             |                   |          |          |          |        |        |        |        |          |                                  |                            |
| Separations.....                                  | per 100 employees | p 2.6    | r 2.6    | 3.1      | 2.8    | 2.8    | 3.2    | 3.3    | 4.2      | 0                                | -38.1                      |
| Quits.....  | per 100 employees | p 1.0    | r 0.8    | 0.9      | 0.7    | 0.8    | 1.1    | 1.5    | 0.7      | +25.0                            | +42.9                      |
| Layoffs.....                                      | per 100 employees | p 1.2    | r 1.3    | 1.7      | 1.8    | 1.6    | 1.7    | 1.4    | 3.2      | -7.7                             | -62.5                      |
| Accessions.....                                   | per 100 employees | p 3.5    | 3.3      | 3.3      | 2.4    | 2.8    | 3.4    | 3.8    | 2.4      | +6.1                             | +45.8                      |

p Preliminary.

r Revised.

## Aid to Education

(Continued from page 165)

concentrate our money so that anyone who gets it really will have something to work with.

I would say, then, that finding the proper cutoff point to giving is the first prerequisite for a successful program. The second is to be prepared for the long haul. Once a program of aid to higher education is started, I think it would be very difficult to end it without pain. This can be avoided, so far as I know, only one way—that is, by making it extremely clear from the beginning that the program is of limited duration. And by that I mean the exact number of years it will run. A difficult problem, I suspect, cannot be avoided if the colleges learn to bank on the money, and then, one day, find the company has changed its mind without warning.

My third comment concerns unrestricted money. This is what the colleges by and large need and want. So far as we are able to see, they know more about their needs than we do. We believe they should be permitted to use the money as they see fit.

We do not generally give money specifically for capital expenditures. If they wish to take unrestricted money and tie it into a building, well and good; but we ordinarily do not subscribe to the building programs of these colleges.

In conclusion, let me say this: One of the ways we think we can be of help to colleges, in addition to giving them money, is in cooperating as fully as we can with other companies that are interested in starting or in enlarging their own college funds. We are happy to furnish any information we can to other firms.

### The General Foods Corporation Program

—by Lester E. Waterbury—

**G**ENERAL FOODS is somewhere around the middle of the upper bracket of American industrials. Last year, for the first time, we had a little over \$1 billion in sales. We show about \$450 million on the asset side of our balance sheet, about \$300 million of net worth, about \$200 million of working capital, and our net earnings are around \$50 million a year.

In this country we have thirty-six plants located in seventeen different states, about 18,000 employees and 63,000 stockholders.

The way we handle our contributions business—

what I call the corporate-giving area—adds up to something like this. In 1944 the company established a contributions committee, which consisted at that time of the president of the company, the financial vice-president, the head of operations, and the director of public relations. The first three were all directors of General Foods.

Since that time, the composition of the committee has fluctuated, but the financial area and the public relations area have usually been represented.

It wasn't until 1948 that the contributions committee issued its first policy statement. I have to mention that General Foods is a decentralized company, so one problem was to delineate areas that would be under the direct control of the decentralized units, such as the local chambers of commerce, the local hospital drives, etc. The contributions committee at headquarters was made responsible for the Red Cross and other national organizations.

Now 1948 is only eleven years ago, yet there is nothing in this policy statement about aid to education. I think you will agree with me that, as I read it, the statement rather suggests that education was one of the things that wouldn't be supported.

The statement established two general categories for our corporate giving. The first was contributions that would advance in a direct way the interests and welfare of the company. The draftsman had quite a time with the second category. These are his careful words:

"We should also participate financially in activities that are supposed to be supported by all citizens capable of contributing. The corporation, although an artificial person without a vote, is, however, in our economic system, an important citizen of the community and should conform to the obligations of good citizenship. One of those obligations is contribution to causes that all citizens are expected to support. To refuse support in such matters would create ill will out of all proportion to the cost of conforming to community sentiment."

That put him pretty far out on a limb; but having said that, he recanted and added this:

"Among our thousands of stockholders are individuals personally interested in every type and kind of worthy charitable or educational cause. Doubtless few among them will agree on the precise causes that their money ought to support. This being the case, we do not believe that any individual in our management, or any group of individuals, has the right to decide for the stockholders where their money should be applied and where it should not be applied in support of causes not related to our business activities."

The key expression is, "not related to our business activities." I suggest that what has happened over the past eleven years is the discovery of important relations between General Foods' business and many



activities which no one would have suspected were related to it in 1948.

One of these is education, although, as a matter of fact, for a number of years before 1948, some grants to colleges had been made: for example, Evansville College, in Evansville, Indiana, where our Swans Down cake flour business is located. The decentralized unit at Evansville has made frequent small grants to this college, following the pattern established when the unit was locally owned.

In 1941, after what were, no doubt, extensive parleys, a corporate grant of \$2,500 was made to Harvard University. Two years later, its business school got \$2,000. Princeton got \$10,000 in 1944 to help establish its industrial relations library. In 1952, Columbia University's Conservation of Human Resources project received a grant of \$5,000.

Obviously, none of these was pursuant to anything that could be called a program. Rather, it is what might be called "special situation giving." And over the years the gifts increased in size and frequency.

Time marched on, and in 1953, General Foods set up a small, charitable, corporate foundation called the General Foods Fund, Inc. There was not, at the time, any very clear idea of exactly what this foundation was going to do. It was soon decided, however, that the fund should concentrate its efforts in the field of education.

In the years between 1948 and 1953, there was tremendous pressure for corporate aid to education, and General Foods, along with many other corporations that had not previously given this field any organized attention, moved in that direction. Therefore, in 1955, only seven years after the first policy statement was issued, it became necessary to issue another statement. In that policy statement there was a very substantial section devoted to education, as well as information about the General Foods Fund.

What form did the General Foods Fund take? It was set up as a New York membership corporation with broad powers to make grants to organizations operated for charitable, scientific, and educational purposes. That is a standard form of organization. Now, a membership corporation has to have members, and it just happens that the members of the General Foods Fund are, with the exception of two trustees, the directors of General Foods Corporation. Currently, the fund has three trustees who are, in addition to myself, the General Foods vice-president in charge of research and development, and the firm's corporate treasurer.

By an interlocking-directorate arrangement, the fund is closely related to the contributions committee. The corporate treasurer and I are members of the contributions committee, and the third member is

the corporate secretary. The working staff of the contributions committee and of the General Foods Fund happen to be the same people: an able and informed young woman who, with two secretaries, keeps track of everything. The members of the contributions committee and the fund have regular jobs, and what we think are relatively full-time jobs, doing various other things.

The contributions committee and the fund have regular meetings once a month, but these are separate and distinct meetings and are held on different days.

I come now to the general dimensions of the corporate-giving activities at General Foods. I shall go back to the fiscal year ending March 31, 1954, which was the first year in which the fund operated extensively. In that year, the charitable contributions by General Foods Corporation itself, plus those made by the General Foods Fund, amounted to \$438,000. This was about seven-tenths of 1% of General Foods profits before taxes for that fiscal year. Of this amount, approximately \$85,000, or 19%, went to the educational aid program.

That was 1954. The figures for the fiscal year which ended March 31, 1958, are quite different. The total contributions figure is over \$700,000, which is just about the same percentage of profits before taxes as in 1954. However, of this amount \$380,000, or approximately 54%, went to education. And of this \$380,000, about \$360,000, or more than 90%, was given by the General Foods Fund.

Thus, the *amount* given to education more than quadrupled, and the *percentage* given to education nearly tripled in this five-year period.

One of the attractive features of our system is that we can add items during the year, or at least we have done so several times without any serious repercussions. About August or September of 1958, we gave \$25,000 for Continental Classroom and we even accepted a moral obligation for another \$25,000 this year.

Also, last summer, we sent some \$2,500 to Ripon College, in Ripon, Wisconsin, to help put on a seminar in American studies for twenty selected teachers of history in secondary schools.

One of our guideposts, which I strongly recommend, is that the managers of the program insist upon some reserve funds, which can be used during a program year to do things that it seems important to do, and which were unknown when the year's program was laid out.

What is our program? Last year we got out a report on what we had done from 1953 through the planning of the calendar year 1958 program. We think the principal feature of our program is the annual contribution made to independent privately supported, liberal arts

colleges in the amount of \$25,000 each. We include as many colleges as we can afford.

We think that the liberal arts colleges are the foundation of our culture, and our aim is to pick out those that for one reason or another we would like to help. In the first year we made three of those grants, and it has varied since; in 1958 we made six.



What is the basis for a grant; how does one decide which colleges to support? All I can do is tell you what our basis is, and I hope other people who enter this field will have different ideas; and that will spread the money further. Excellence, as we define it, is certainly one of the criteria.

We do not make these grants to institutions that are controlled by any religious sect or denomination. Although some of the trustees look a little more kindly upon coeducational institutions than upon noncoeducational ones, we make grants to both.

Finally, and frankly, we prefer institutions that at least don't bar conservative doctrine from their social science areas.

Originally, we had the idea that we were not going to give for bricks and mortar, but we have been persuaded that in a given institution on a given day the thing most needed may be bricks and mortar. And so we often agree to that now.

Another major part of our fund program is our new matching-grants plan, which went into effect October 1, 1958. It is similar to other matching-grants arrangements. We will match employee gifts with up to \$1,000 of our own money in any one year. The minimum gift we match is \$10. The program extends to retired employees and directors. It excludes contributions to junior colleges and secondary schools. My guess is that when we know more about it, we may open it up to these schools also.

What has been the result? Remember that we have 18,300 employees in this country. In the first three months, we were called upon to spend \$12,152 to match gifts. That covers ninety-five gifts to sixty-four colleges. The average gift was \$128; two-thirds of the gifts were \$50 or less; twenty-eight gifts were for \$10 each.

Another aspect of our program, which I mentioned, and which we regard as important, is a grant to each of fifteen privately supported technical colleges that comprise the Association of Independent Engineering Colleges. We made grants of \$1,000 to each member college to help with organization expenses, and then last year we made a grant of \$50,000 to the association for distribution among the individual members. Still another item is the establishment of home economics fellowships. We set these up beginning in 1956. They are \$3,500 fellowships, which are awarded, two a year, to twelve institutions where graduate work is done in

home economics. Each grant includes a \$500 cost-of-education supplement for the institution.

In addition, we give consistent support to the National Fund for Medical Education and the United Negro College Fund. They get \$35,000 and \$25,000 a year, respectively. We also support state and regional organizations of colleges. Our support in the early years was designed to get them started and was substantial but has now tapered off, since most of them seem to be fairly well on their way.

That is the bulk of the program. Although we have some reservations about scholarships, we do support the National Merit Scholarship Corporation and provide them with six scholarships a year.

We regularly support the Council for Financial Aid to Education and the Council for the Advancement of Secondary Education.

So the General Foods Fund, as you see, has various and sundry programs. This is a characteristic of small funds and foundations. Their programs reflect the views, the character, and the crotchets of the corporations and the corporate managements they represent. The General Foods Fund, for some reason, may not like college X. But some other foundation will just love college X and give it a grant. This is good. The more variety, the greater the coverage; and the greater the coverage, the greater the likelihood that most, if not all, institutions will get some help. Certainly there is no reason to believe that anybody knows all the right answers in this field.

## The American Brake Shoe Company Program

—by Robert B. Parker—

**Y**OU HAVE heard about the big corporations. We are in an area of about \$140 to \$150 million sales a year. We operate in thirty-seven cities and ten states in this country. We have fifty-five plants, four in Canada, one in Mexico, and one in France. We have a headquarters division which is primarily of a service nature; we have nine separate operating divisions and three subsidiaries.

Compared to many firms, our plants are not large. They range from less than one hundred people to about 600 people. Yet, we employ a total of about 10,000.

We manufacture a very diversified line, but I am sure I cannot mention a product that you people have ever seen on the shelves of any of the stores handling Procter & Gamble or General Foods products. We make railroad brake shoes and automotive brake



lining, wearing parts for excavating machinery, steel forgings and hydraulic pumps, castings of all sorts, railroad car wheels and truck tire molds. It is a very nonglamorous, nonconsumer line.

We operate under a decentralized type of organization. Each operating division is responsible for its profits and losses, its local public relations, and its own personnel organization. In fact, the plant manager in the American Brake Shoe organization is the spokesman for community affairs, charitable contributions, labor and public relations.

Our plants are located coast to coast. Our markets are also. Thus, because of this decentralized divisional operating policy and the technical nature of our products, each year we need technical, accounting and liberal art students from all parts of the country and in all branches of our company; we also need a close relationship with several good engineering schools.

We find the competition tough, and many times Brake Shoe is an unfamiliar name. Hence, our program of giving to education is not solely to fulfill an obligation as a member of the industrial community, but often to obtain some recognition from the students and the colleges.

Our decentralized plant locations and our preference for small towns, where we are able to exert some influence as a good neighbor in the community, are responsible for our keen desire to support the local college or university. But this is done on a local plant and community basis, and it is impractical to try to fit it into our general plan for aid to education. It is, first, a community relations matter and, second, a by-product of recruiting and aid to education.

Right now we are in the midst of a change in our program. Our aid-to-education program up to 1958 consisted of thirty scholarships per year in fifteen selected schools and colleges. These were scholarships in a dollar amount equal to tuition, or one-third of expense, whichever was greater.

The second part of that program was an unrestricted grant to those nontax-supported colleges in which we had scholarships. Our practice was to match tuition in some of these schools, so we limited our unrestricted grants to \$750 per scholarship.

The third part of our program was supporting research in some selected colleges. And, fourth, we provided a few fellowships in chemistry and metallurgy, fields that are related to most of our products.

You may wonder why we selected fifteen colleges, and how we selected them. First, it was all we could handle financially; and, second, we selected the schools because, in our opinion, these particular schools were turning out the type of trained people we wanted to attract.

Back in 1950 when our program was first organized,

we were motivated by several objects. Our obligation to help support higher education was first. Second, we were keenly interested in creating a broader knowledge of our company at the college level. Third, we had an interest in and a need for closer association with the technical research going on in many institutions.

We are discontinuing this program for several reasons:

First, there always was lack of knowledge by the recipient of the identity of the donor. Whether this was intentional or unintentional on the part of the college, or whether this was due to the mechanism of publicity there, or on our part, or whether it was due to the take-it-for-granted attitude of the students, we don't know.

Second, there were resistances in some of the colleges to our part in the selection of the recipient.

Third, too often the scholarship carried no merit award, but rather was granted from a scholarship pool in a centralized office.

Fourth, since, under our program, the grants were made only to juniors or seniors, they merely took the place of some previous type of support, and mostly went unnoticed.

Fifth, we were and are sincerely concerned over the entrance of the Federal Government into scholarships and into this loan program.

We readily understand the colleges' point of view in relation to many of our objections, and we agree that the identification of recruiting with scholarship assistance can create a certain resistance and certain problems at the college level. As a recruiting medium our previous plan had been successful, but we felt it was more because of our individual effort and the relationship of our recruiting staff with the particular school.

We now feel it is advisable to change our concept of aid to education, and we will adopt the following type of program:

First, we will select or will make grants for scholarships through the National Merit Scholarship Corporation. We will grant funds to start three scholarships this year, increasing it to twelve in four years.

Second, we are adopting this year, for the first time, corporate matching gifts for employee contributions to colleges of the individual's choice. We are starting only at the college level, but we hope within a year or two to include the private secondary schools.

Third, we will make unrestricted grants to a selected, preferred group of nontax-supported colleges or universities. Our selection may be arbitrary,

but it will be in areas where we feel we can contribute something to the narrowing of the gap between education and industry, and to a better understanding of our problems and theirs.

Fourth, we will grant fellowships in certain specified technical areas.

Our contributions budget averages about 1% of our earnings before taxes. The cost of supporting this new program of education will average about 35% of this over-all budget. Payments will be made through our American Brake Shoe Foundation, established in the early 1950's, so that we will have an uninterrupted record of charitable contributions in both good years and bad.

Some of our previous giving to education had been charged to our regular operating expenses because of the direct nature of our interest in and selection of the scholarship recipients. Now, we no longer will have that close contact, and our lawyers say there is no problem involved in having our foundation make these grants.

Our foundation budget, which includes this aid-to-education program, is administered by a committee of corporate directors, two outside and three within the company. They meet once a year to review our general program and approve the budget. The detailed administration is handled by our treasurer's office, which also keeps in touch with our plants on their community projects.

Our public relations program is currently supervised by the treasurer of our corporation, so we have no problem in coordinating community relations with the foundation's budget.

The college relations area, that is, the scholarships through National Merit, the fellowships, and the matching contributions and unrestricted grants are handled by the management personnel department of which I am the head. Among others, it includes men who do our recruiting.

Obviously, we will work with our technical people on the fellowship part of our program. We will work on the matching grants with our employee relations group. But we will try to tie all of this together.



The program is too new for us to have had any real experience with it yet. But we feel that under the National Merit Scholarship plan, we are able to help top talent from specific areas get a higher education in selected courses and at specific colleges under a completely unbiased method of evaluation and selection.

Second, under the matching gifts provision of the plan, our own employees can indicate if and where they desire corporate funds to be used. It also "puts the heat on" the colleges and universities to step up their efforts to enlist alumni support.

Third, we feel that certain privately endowed col-

leges must be, and more properly can be, the pace setters in the quality of higher education. Hence, our few unrestricted grants in amounts proportionate to our over-all educational budget.

Fourth, we will have a continuing need to support a few fellowships in order to keep abreast of research projects at the college level.

We are besieged daily, as I know all of you are, by requests for financial assistance from every branch of education. But we have found a solid program is received favorably by those colleges we must turn down.

I am convinced that our active interest and participation in these programs I have outlined will match or even better our monetary contributions and will be warmly received by the university authorities. We believe our stockholders will support us in these efforts.

## The Parker Pen Company Program

— by G. Earl Best —

SOME seventy-odd years ago George S. Parker was an instructor in telegraphy in Janesville, Wisconsin. Typical of the teaching profession, his salary was meager. To augment his income, he started selling a brand of fountain pens. Even in those days those pens did not function too well, so he had the problem of servicing them. This work finally took most of his time, and he decided he could make a better pen—and he did.

Thus, from teacher to manufacturer, George Parker gave birth to a company which has come to have fifteen subsidiaries. We have plants in several foreign countries. We also have business relationships with 156 distributors in all the free countries of the world, so our pens are now sold everywhere except behind the iron curtain.

We have attempted to pioneer in our industry, so we have quite a heavy research program. Every literate person uses some type of writing tool. Thus, through the years, the teachers have become a very important public to Parker, because they are not only prolific writers, but they also have the task of teaching people to write legibly. Therefore, it is natural that Parker feels a very close relationship to the teaching profession, both in the handwriting process and in the area of education.

Now, as industries go, the writing instrument business is not large. In fact, Parker can be compared to a big fish in a small pond. To put this in perspective, Mr. Waterbury told us what General Foods Corpora-



tion's profits are expected to be this year. Those profits are greater than our total sales, even though we are in business throughout the world. Also, he referred to Evansville, Indiana. Perhaps many of you are not cognizant of Janesville, Wisconsin, for it is a small town compared to Evansville, Indiana. We have a 35,000 population. Consequently, our whole program takes on a different geographical problem.

Our management believes in support to education, but because we sell a consumer product, our profits are subject to considerable fluctuation. We have to gear our program to trying to give the most we can to higher education. And, in order to do this, we divide our program into two parts. For want of a better name, I will call these parts our cash program and our service program.

Respecting the cash contributions, the directors of Parker have designated a committee of three people to review and recommend all cash donations. That includes aid to higher education as well as our other contributions. Dollarwise, as I say, these are small, but we have made it a practice to contribute from three-quarters of 1% up to 3% of our profits before taxes to charities and higher education.

We can divide the cash part of our program into four categories. We give unrestricted funds for purposes of current operations to several selected colleges and universities. We also provide funds for special services to selected schools. These services take on a measure of work studies, research studies, and product testing. We give funds to the Wisconsin Foundation of Independent Colleges. We also give some student-aid funds.

We give a number of scholarship awards, including one four-year tuition grant in our home-town high school. We do not select the students. This is done by the school. And, periodically, we give one award to some outstanding scholar in one of the foreign countries in which we are doing business.

You have heard quite a bit about the cash contributions of these other companies. We believe in cash support, but we also have to use another medium that I call "services."

Three of our top management people are trustees in colleges. These are colleges in our geographical area. To illustrate the work that these individuals have been able to do for the schools, I think we can take one small college of which our executive vice-president is chairman. When he accepted this responsibility, this century-old school was about to close down. It was in debt and was without a president.

Today, it is nearly out of debt; but this did not result from the funds that we contributed. It was simply an administrative program of raising contributions for the school. It is now operating on a balanced budget. It has completely rehabilitated its

campus. It has modernized its buildings, substantially raised its academic and faculty standards, and its enrollment has increased 100%.

While our president was head of the Wisconsin Manufacturers Association, he suggested and assisted in organizing the Wisconsin Foundation of Independent Colleges. This foundation provides financial aid to sixteen Wisconsin independent colleges. The president of our company still serves as an advisor to this committee.

Two years ago our public relations director was instrumental in inaugurating a public relations course in one of our small colleges. He did most of the planning with school administrators in setting up the course for upper classmen majoring in business.

People from our research department assist two of the colleges in our area by acting as consultants, curriculum advisors, and by handling the classes.

On various occasions our company has taken student groups from the University of Wisconsin and from Wisconsin colleges, especially those in business administration, accounting and science and given them tours of the Parker operations pertaining to their respective fields. We select certain of our people from those departments to conduct an open discussion and quiz session with these groups.

Another means that we have found helpful in a small geographical area such as ours, is to provide teachers with summer employment. These are teachers from high schools and from colleges. This is an aid to school administrators because it helps to keep competent faculty members from leaving the system.

Actually, going back again, I would say that, because of the geographical problem, we have tried to concentrate our attention on our own locale, because we feel these little colleges are the backbone of our educational system. We are sympathetic to the needs of the large eastern schools, but those schools generally get the endowments and substantial contributions from larger corporations.

What has helped the program is the fact that our top management is in agreement with aid to education. As a result, everyone in our organization tries to help as much as he can. We have all contributed to the support of these schools.

Many of the companies represented here today could be of great help to the smaller colleges if they would encourage their top management personnel in their subsidiaries and branches throughout the country to offer their services to the schools in administrative and management activities. This type of aid not only is helpful to these smaller colleges, it also gives the individual considerable personal satisfaction and enhances the position of his company in the community.

## Some Principles of Aid to Education

— by John A. Pollard —

**A**LTHOUGH only four specific company aid-to-education programs have been presented, they give a broad spectrum of the following:

1. The kinds of aid which business corporations are providing today for the nation's colleges and universities.
2. The various forms of aid on which the donor companies have based their respective programs.
3. The range and size of companies that feel it is in their interest and in the nation's interest to help support our institutions of higher education.

I imagine few companies today give money to educational institutions because they seek kudos, nor do I think that they are moved by the logic of the fact that, because millions are given for the heart, there must also be a few cents in the contributions budget for the head. The reason that companies support education financially originates in the head and is our first principle. It is in the corporate self-interest to help support education.

Today, most of the top executives in leading American business concerns are college educated. Here on the platform we have two men from Michigan: Kenneth Patrick of General Electric and Lester Waterbury of General Foods. Earl Best is a graduate of the University of Illinois, and he also attended Loyola in Chicago and Harvard. Clint Pace started at Texas and then elevated himself to the United States Air Force. Bob Parker is a Yale graduate. Our chairman is a Harvard alumnus.

Just about all of the executive colleagues of these men are college educated too. Most of the other major business concerns across the nation have comparable leadership. Look at the matter from another aspect: the United States today is one of the world's most complex societies. It needs larger and larger numbers of well-educated men and women in all walks of life.

Another principle illustrated in the four companies' programs, which you have heard described here this morning, is that there is no single formula common to the four, or to any other group. Each program has been tailored with intelligence and by skilled hands, according to the nature of the company, its location, and its markets, as well as the outlook of its top management, its particular relationships with colleges and universities, and other factors.

In each of these programs there is a certain quid pro quo as there should be in all; for company grants to

colleges are not all giving; and aid to education is not a one-way street. At the same time, it appears to me that in each of these programs the quid pro quo is colored more with the national interest than with narrowly conceived corporation aims.

You will have noticed in the aid-to-education programs of American Brake Shoe, General Foods, Parke Pen, and Procter & Gamble another clear principle: that the corporate-support payments are made within a defined framework. It is more blessed to give than to receive; but it is cursed to give unwisely.

Company grants made merely in response to petitions for help had better not be made at all. A structured program of aid to education, on the other hand, will bless those who give and those who receive. This kind of program will be based on ways of giving that are feasible for the donor company and helpful to the colleges and universities on its list.

Richard Eells of the General Electric Company states this principle lucidly. He says, "The prudential ideal is that corporate-support payments must in some way, direct or indirect, be related to the best interests of the donor company."

I have said that there is no single formula for company aid to education. As a corollary, in diversity there is strength—in company aid-to-education programs just as much as in the types of educational institutions in this country.

Another principle is that funds which companies allocate for educational institutions are generally determined by the companies' objectives, not by a percentage of sales or net income, or what have you, before taxes. But business leaders in the aid-to-education movement, like Frank W. Abrams, would be delighted

### Six Principles

1. Reasons for supporting education originate in the head and not in the heart. Support is in the corporation's self-interest.

2. There is no single formula of support. Each program should be tailored to the company.

3. A gift from industry should benefit the donee as well as the donor. (This does not always happen.)

4. Funds allotted to education should be determined by the company's objectives rather than a percentage of net income or other statistics. (Nevertheless, some business leaders would like to see companies contributing to education at the rate of 1% or more of net income before taxes.)

5. Companies do best to maintain continuity in their corporate-support payments to colleges. In this way, other companies are attracted to the support movement.

6. Unrestricted grants are the kind of grants most useful to institutions of higher education.



if more companies gave at the rate of 1% or more of income before taxes to aid education.

A 1956 survey of 275 large national business concerns, in covering financial aid to education, found fourteen companies giving to education alone, 1% or more of the legally permissible 5%.<sup>1</sup>

I shall mention only two more principles—both in brief. To the extent that they can, companies do best to maintain continuity in their corporate-support payments, and they help the colleges immensely by bringing into play the multiplication factor by making grants that will attract contributions from other constituencies. The corporate alumni program devised by GE and now adopted in whole or in part by sixty other companies is a good example of the multiplication factor.

There is time to comment on only one kind of grant common to all the programs just described. In 1953-54 when American companies' aid to education took the brakes off and started to roll, unrestricted giving was probably the most difficult for companies to manage.

<sup>1</sup> "The Trend Is Up," August, 1958, Council for Financial Aid to Education, Inc.

It seemed to have no handle. But in 1953, the Cleveland Commission on Higher Education, headed by leading industrialists and professional people, said in a survey report, "Without unrestricted funds of its own, a college or university cannot guide its own development."

A year or so later, seven major universities, ranging from Harvard to Stanford, announced publicly that grants which are free of restriction as to use are incomparably the most useful to institutions of higher education.

Also, the Council for Financial Aid to Education in its 1956 survey found that the 275 participating companies gave, in the form of unrestricted grants, nearly 40% of the \$84.5 million that they contributed to colleges and universities.

A large part of the total currently being given by the companies represented on this panel is in the form of unrestricted grants, so I believe all of you will agree that these companies all rate A for sophistication, an award for being among the leaders of the aid-to-education movement, and another one for keeping their programs under review and improving them year by year.

## Labor Press Highlights

(Continued from page 170)

published by the International Brotherhood of Electrical Workers, AFL-CIO. As an example, it cites legislation recently introduced in the 86th Congress, purporting to grant "equal rights" to women workers.

"Despite its appealing title," organized labor is opposing this "equal rights" legislation, says the *Journal*. The *AFL-CIO News*, in an article on the same subject, explains labor's belief that such legislation would lower existing standards for women and destroy gains made in the field of labor and social legislation during the past few decades. Among the existing laws that would be jeopardized by "equal rights" legislation, says the *AFL-CIO News*, are special laws governing minimum wages, maximum hours, and other provisions for the protection of working women.

### OCAW Members Polled on Unemployment

Early retirement of workers is "overwhelmingly" favored by members of the Oil, Chemical and Atomic Workers Union, AFL-CIO, as their personal solution to the problem of unemployment. This conclusion is indicated in recent issues of the OCAW's *Union News*

and comes as a result of an informal straw-poll ballot circulated in earlier issues of the publication.

Members of the union were asked: "What is your suggestion for curing unemployment?" The ballot offered a choice of seven alternatives, ranging from "take no action; let the normal activities of business and industry gradually expand and restore full employment," to "institute a planned economy." In addition, OCAW members were invited to send in any different solutions.

Although no formal deadline for submitting responses was set, *Union News* indicates that early returns resulted in more votes being cast for early retirement of workers than for all other alternatives combined. Those who wrote individual letters also strongly favored earlier retirement along with more adequate pension plans, reports the OCAW publication, adding, "it was pointed out over and over that this would make way for the employment of younger workers."

Tied for second place in the voting for alternatives were "a shorter workweek" and "making overtime prohibitively expensive." "Three lonely ballots" were cast for "taking no action," reports *Union News*, and "a surprisingly solid bloc of votes was cast for a planned economy for the nation."

MARIE P. DORLANDT

Division of Personnel Administration

# Wage and Fringe Developments in Bargaining

**The supplemental unemployment benefits fund at Studebaker-Packard was used to subsidize wage increases until the company's sales goals were reached**

**C**ONTRIBUTIONS to SUB at Studebaker-Packard are again flowing into the fund at the normal rate of 5 cents per man-hour. The resumption of full SUB contributions follows in the wake of the success of the Lark—the company's model in the small car field. The company's UAW contract (effective December 1, 1958) provided that until certain sales goals were reached, the wage increase of 6 cents an hour to unskilled workers and 15 cents to skilled workers would be subsidized by diverting funds from the amount normally contributed to SUB. The amount diverted to wages from SUB was contingent upon two objectives—60,000 cars sold at wholesale by March 31, and 90,000 cars sold at wholesale by June 30, 1959.

The first target was reached on February 18, six weeks ahead of schedule. Up to that time the wage increase had been computed in the following manner:

*December 1, 1958 through February 17, 1959  
(cents per hour)*

| Employee Class | Total Increase | Direct Increase by Company | Diverted from SUB Contribution | Contributed to SUB Fund   |
|----------------|----------------|----------------------------|--------------------------------|---|
| Unskilled      | 6              | 2                          | 4                              | Instead of 5¢ per hour, any residue after diversions in column 3. |
| Skilled        | 15             | 5                          | 10                             |   |

From the 5 cents per hour which the company would otherwise have contributed to the SUB fund, 4 cents were diverted to the base hourly rates of non-skilled workers and 10 cents to the base hourly rates of skilled workers. Any balance remaining after these diversions was then placed in the SUB fund.

Beginning February 18, wage increases were computed in a somewhat different manner. SUB contributions continued to subsidize part of the increase, but the amount of the subsidy was cut in half. As a consequence a greater portion of SUB contributions flowed back into the fund. As can be seen from the tabulation at the top of the next column, two-thirds of the wage increase came as a direct payment from the company while only one-third was subsidized by SUB contributions. After siphoning a third of the wage increase from SUB contributions, any balance remaining then reverted to the SUB fund. The proportion

of the wage boost actually taken from SUB contributions during this period is shown below in tabular form.

*February 18, 1959 through April 6, 1959  
(cents per hour)*

| Employee Class | Total Increase | Direct Increase by Company | Diverted from SUB Contributions | Contributed to SUB Fund  |
|----------------|----------------|----------------------------|---------------------------------|--|
| Unskilled      | 6              | 4                          | 2                               | Instead of 5¢ per hour, any residue after diversions in column 3 |
| Skilled        | 15             | 10                         | 5                               |  |

By April 7, twelve weeks ahead of schedule, the full 90,000 Larks had been sold. The contract then entered its third and final stage. From that point on, no portion of the increase was diverted from SUB. Company contributions to the fund resumed their original pattern, as shown below:

*April 7, 1959 through November 30, 1959  
(cents per hour)*

| Employee Class | Total Increase | Direct Increase by Company | Diverted from SUB Contributions | Contributed to SUB Fund |
|----------------|----------------|----------------------------|---------------------------------|-------------------------|
| Unskilled      | 6              | 6                          | 0                               | 5                       |
| Skilled        | 15             | 15                         | 0                               | 5                       |

Actual sales have consistently kept ahead of contract estimates. Company officials describe the success of the Lark as "spectacular."

On the question of supplementation of state unemployment benefits, the contract calls for renegotiation of an alternate method of payment should Indiana law continue to prohibit supplementation. But in either case, the company's contribution rate of 5 cents per hour and the maximum funding provisions will remain unchanged.

The new contract also freezes into base rates the fifteen-cent-cost-of-living allowance in effect on the date of the new agreement. The escalator clause providing for a penny an hour for each half point change in the index is continued. Also, shift premium increases went into effect with the sale of the first 60,000 cars. The increase was 7% for the second shift

*(Text continued on page 183)*



# Significant Pay Settlements

(Confirmed by The Conference Board)

| Company, Union <sup>1</sup> and Duration of Contract   | Pay Adjustments  | Fringe Adjustments   |
|--|--|--|
| <b>DURABLE MANUFACTURING</b>   |  |  |
| Aircraft Corp. with<br>at Erie and Niagara Counties, New York<br>300 hourly<br>Effective 3-17-59. Contract expired<br>New contract: 26 months  | 5¢ and 6¢ per hour increase depending on labor<br>grade; minimums and maximums increased<br>5¢ and 6¢<br>12¢ of the 15¢ cost-of-living allowance frozen into<br>base rates   | Revised: Holiday pay provisions, paid grievance<br>time, maternity benefits  |
| Iwell Mfg. Co. with<br>at Rochester, N. Y. 50 hourly<br>Effective 3-15-59. Contract expired<br>New contract: 3 years   | 3¢ per hour increase on base rates for incentive<br>workers, 6¢ per hour for nonincentive workers,<br>8¢ per hour for maintenance machinists, 10¢<br>per hour for handler checker; inequity adjust-<br>ments<br>Deferred increase: 4¢ per hour for hours worked<br>effective second year; escalator clause effective<br>3rd year | Added: 8th paid holiday (floating); pension plan<br>in 3rd year<br>Revised: Vacation and hospitalization           |
| ing Glass Works with<br>Glass Workers at Corning, N. Y. and Wells-<br>, Pa. 5,700 hourly<br>Effective 12-1-58. Contract expired<br>New contract: 2 years                                 | 2¼% (5¢ per hour minimum) general increase;<br>6¢ and 12¢ per hour nonrotating shift differen-<br>tials (were 4¢ and 10¢); 6¢ and 8¢ rotating<br>shift differentials (were 4¢ and 6¢)  | Revised: Holiday pay, hospital and maternity<br>insurance benefits   |
| s and Ceramic Workers, at Charleroi, Pa.,<br>hourly<br>Effective 1-4-59. Contract expired<br>New contract: 2 years   | 2¼% (5¢ per hour minimum); shift differentials<br>increased by 2¢ to 6¢ and 8¢   | Revised: Holiday pay, hospital, and A & H in-<br>surance benefits  |
| etric Storage Battery Co. with<br>at Cleveland, Ohio; Los Angeles, Calif.;<br>las, Texas; and Allentown, Pa. 1,100 hourly<br>Effective 3-1-59. Contract expired<br>New contract: 3 years | 5¢ per hour general increase plus 8¢ per hour for<br>skilled trades workers, add'l ½¢ per hour for<br>inequity adjustments within and between<br>plants<br>Deferred increase: 5¢ per hour each year  | Revised: Pension plan, group insurance   |
| be-Union, Inc. with<br>ed Industrial Workers at Milwaukee, Wis.,<br>0 hourly<br>Effective 3-2-59. Wage reopener in 5-year con-<br>tract<br>Contract expires 3-2-61                       | From 5¢ to 11¢ per hour increase on base rates   | No change  |
| ton Industries, Alkaline Battery Div. with<br>in Lodi, N. J. 104 hourly<br>Effective 2-1-59. First contract<br>New contract: 2 years   | 5¢ per hour general increase, add'l 5¢ to 45¢ per<br>hour over terms of agreement because of estab-<br>lishment of 11 labor grades with automatic<br>progression   | Revised: Life insurance, Blue Cross-Blue Shield,<br>vacation pay, holiday pay, funeral leave pay,<br>jury duty pay |
| Hoe & Co., Inc., Press and Saw Mfg.<br>tions with<br>1 in New York City 900 hourly<br>Effective 1-1-59. Contract expired<br>New contract: 2 years  | 2% general increase<br>Deferred increase: 1½% effective 7-1-59, 1-1-60<br>and 7-1-60   | No change  |
| ional Lead Co., Titanium Div., with<br>4W in Sayreville, N. J. 1,300 hourly<br>Effective 2-59. Contract expired<br>New contract: 3 years   | 5% (11.4¢ to 13.8¢ per hour average); escalator<br>clause providing adjustments of 1¢ for each<br>.5% increase in price index; 9¢ per hour "a-<br>round the clock shift" premium<br>Deferred increase: add'l 3% in 1960 and 1961   | Added: Severance pay plan, vacation pay, sick<br>benefits, Blue-Cross insurance                                    |
| ional Acme Co. with<br>hanics Educational Society, 800 hourly<br>Effective 9-19-58. Contract expired<br>New contract: 3 years  | 5¢ per hour general increase; 15¢ cost-of-living<br>increase incorporated into base rates<br>Deferred increase: 5¢ per hour in second and<br>third years   | Revised: Pensions, sickness and accident insur-<br>ance  |

## Significant Pay Settlements—Continued

| Company, Union <sup>1</sup> and Duration of Contract  | Pay Adjustments   | Fringe Adjustments  |
|---|---|---|
| Studebaker-Packard Corp. with<br><i>UAW</i> at Detroit, Mich. 6,200 hourly<br>Effective 11-27-58. Contract expired<br>New contract: 3 years; reopening on pensions<br>9-1-59                | 6¢ per hour increase to unskilled workers; 15¢<br>per hour to skilled. Part of the increase is di-<br>verted from SUB contributions until 90,000<br>new cars are sold<br>15¢ cost-of-living allowance frozen into base<br>rates<br>Shift premium increase<br>(for complete description of settlement see article<br>beginning on page 180)  | Revised: Company contributions to health<br>insurance program   |
| <b>NONDURABLE MANUFACTURING</b>   |   |   |
| Brown Company with<br><i>Office Employees</i> at Berlin, N. H. 300 salaried<br>Effective: 1-11-59. Wage reopener<br>Contract expires 7-15-60  | \$1.50 per week general increase<br>Deferred increase: \$1.75 per week effective<br>7-12-59   | Revised: Hospital benefits and vacations  |
| Dan River Mills with<br><i>United Textile Workers</i> at Danville, Va. 9,000<br>hourly<br>Effective 4-1-59. Wage reopened<br>Contract expires 5-31-60                                       | 7½¢ per hour average increase for production<br>and maintenance employees   | No change   |
| Fieldcrest Mills, Inc. with<br><i>Textile Workers Union</i> in Leaksville, Spray &<br>Draper, N. C. 3,000 hourly<br>Effective 3-9-59. Wage reopener<br>Contract expires 6-10-60             | 7½¢ per hour average increase applied on a per-<br>centage basis, for hourly and piece-rate em-<br>ployees; wage adjustments in 25 classifications  | No change   |
| A. C. Lawrence Leather Co. with<br><i>Meat Cutters</i> at Asheville and Hazelwood, N. C.;<br>Newport, Tenn.<br>Effective 1-16-59. Contract expired<br>New contract: 3 years                 | 5¢ per hour general increase<br>Deferred increase: 4¢ per hour effective 1960 and<br>additional 4¢ 1961   | Revised: Blue Cross and Blue Shield   |
| Monsanto Chemical Co. with<br><i>Metal Trades Council</i> at Texas City, Texas 1,000<br>hourly<br>Effective 3-1-59. Wage reopener<br>Contract expires 3-1-60                                | 7¢ per hour general increase  | No change   |
| The National Sugar Refining Co. with<br><i>Packinghouse Workers</i> at Long Island, N. Y.<br>1,000 hourly<br>Effective 3-16-59. Contract expired<br>New contract: 21 months                 | 5% general increase (11¢ per hour minimum).<br>Basic wage rate of \$2.28 per hour for men and<br>\$2.18 per hour for women.<br>Minimum starting rates are \$2.245 per hour for<br>men and \$2.155 per hour for women<br>Deferred increase: 5% general (12¢ per hour<br>minimum) 10-1-59. Basic rates increased to<br>\$2.40 for men and \$2.30 per hour for women.<br>Minimum starting rates to be \$2.365 for men<br>and \$2.275 for women | Revised: Pension plan   |
| Rohm & Haas Co. with<br><i>Glass &amp; Ceramic Workers</i> at Bristol Pa. 1,515<br>hourly<br>Effective 3-2-59. Contract expired ;<br>New contract: 2 years                                  | 11¢ per hour general increase for production and<br>mechanical department employees   | Added: Employee thrift plan, disability pens<br>health insurance for retired, 8th paid holi<br>Revised: Vacations for 10-year employees |
| Wyandotte Chemicals Corp. with<br><i>OCAW</i> at Wyandotte, Mich. 1,700 hourly<br>Effective 3-1-59. Contract expired<br>New contract: 2 years   | From 7½¢ to 10¢ per hour increase; 10¢ per hour<br>existing cost-of-living "float" incorporated<br>into base rates effective 3-1-59; index base<br>changed from 118.6 to 123.6<br>Deferred increase: 8¢ per hour 3-1-60   | Revised: Disability pension, vacation pay<br>terminated or laid-off employees, fun<br>benefits  |
| <b>COMMUNICATIONS</b>   |   |   |
| Chesapeake & Potomac Telephone Co. of Md.<br>with<br><i>Communications Workers</i> ; statewide, 5,137 hourly<br>and weekly<br>Effective 3-1-59. Contract expired<br>New contract: 15 months | From \$1 to \$3 per week increase for clerical em-<br>ployees; \$2 to \$5 for plant craftsmen   | Revised: Vacation pay, pension plan   |



## Significant Pay Settlements—Continued

| Company, Union <sup>1</sup> and Duration of Contract  | Pay Adjustments  | Fringe Adjustments   |
|---|--|--|
| Cincinnati & Suburban Bell Telephone Co. with <i>Communications Workers</i> in Cincinnati, O., 2,874 hourly & weekly<br>Effective 3-1-59. Contract expired<br>New contract: 15 months | From \$1 to \$3 per week increase for traffic workers; from \$1 to \$5 for plant and clerical employees  | Revised: Vacation pay, pension plan                                |
| Michigan Bell Telephone Co. with <i>Communications Workers</i> ; 16,733 hourly & weekly<br>Effective 3-2-59. Contract expired<br>New contract: 15 months                              | From \$2 to \$3 per week increase for telephone operators and all office and clerical workers; from \$2 to \$5 for plant workers   | Revised: Vacation pay, pension plan and sickness payments          |
| Ohio Bell Telephone Co. with <i>Communications Workers</i> ; statewide, 16,733 hourly & weekly<br>Effective 3-1-59. Contract expired<br>New contract: 15 months                       | From \$1 to \$5 per week increase for plant craftsmen; \$1 to \$3 for operators; \$1 to \$3 per week for clerical workers  | Revised: Vacation pay, pension plan                                |
| Northwestern Bell Telephone Co. with <i>Communications Workers</i> ; company-wide, 48,000 hourly & weekly<br>Effective 3-15-59. Contract expired<br>New contract: 15 months           | From \$2 to \$5 per week increase for plant workers; \$2 to \$3 per week for switchboard operating & clerical employees  | Added: 4 weeks' vacation after 30 years                            |
| <b>OTHER NONMANUFACTURING</b>   |  |  |
| Associated Food Stores with <i>Meat Cutters</i> in Brooklyn, Queens and Long Island, N. Y., 300 hourly<br>Effective 1-28-59. Contract expired<br>New contract: 2 years                | \$5 per week general increase<br>Deferred increase: \$3 per week general increase in 1960  | Revised: Health-welfare benefits, jury duty pay, funeral leave pay |
| Marshall Field & Co. with <i>Riding Service Employees</i> at Chicago, Ill. 1,200 hourly<br>Effective 12-29-58. Contract expired<br>New contract: 2 years                              | \$1 per week general increase<br>Deferred increase: Additional \$1 per week for service and maintenance employees on 40 hour workweek effective 5-14-59  | No change  |
| Northwest Airlines, Inc. with <i>Airway Clerks</i> at St. Paul, Minn. 1,760 clerical hourly<br>Effective 9-1-58. Contract expired<br>New contract: 2 years                            | From \$30 to \$51 per month increase (2% of increase retroactive to beginning of first payroll period after 9-1-58 with remainder retroactive to beginning of 1st payroll period after 1-1-59) | No change  |
| Washington Water Power Co. with <i>EW</i> in eastern Washington & northern Idaho hourly<br>Effective 3-26-59. Contract expired<br>New contract: 1 year                                | 4.19% general increase (13¢ per hour for journey-men linemen)  | No change  |

<sup>1</sup> All unions are affiliated with the AFL-CIO unless otherwise indicated.

(Text continued from page 180)

and 9% for the third. After 90,000 units had been sold, these premiums were upped to 8% and 10% respectively. Moreover, while deferred wage increases are not included in the three-year contract, there are provisions for renegotiation at the end of the first year.

Finally, the contract provides for increased company contributions to the health insurance program to meet rising costs. But active employees will pay up to 50% of the total cost of any further increases. Retired employees will continue to contribute \$1 per week. Action on the pension program is deferred until the contract reopening date next September 1, 1959.

### Packinghouse Workers Get 5% Wage Boost

A recent contract negotiated between the National

Sugar Refining Company's Long Island plant and the Packinghouse Workers grants a 5% wage increase, with a minimum boost of 11 cents an hour. The contract also sets new basic hourly rates for men and women. The basic hourly rate for male employees is raised to \$2.28 and for female employees to \$2.18. Starting rates, applicable for at least the first thirty days of employment, are set at \$2.245 an hour for men and \$2.155 for women.

A deferred increase in the two-year contract permits another 5% hike, with a minimum hourly increase of 12 cents, effective next October 1. The basic hourly rate then becomes \$2.40 for male employees and \$2.30 for female employees. Starting rates are upped to \$2.365 an hour for men and \$2.275 an hour for women.

Among the fringe benefits negotiated is an improved



pension plan which provides additional company-wide benefits calculated to cost about 7 cents an hour per employee. Details of the liberalized pension plan are yet to be negotiated. When agreed upon, the plan will remain in effect for five years and will be subject to reopening after three years.

#### **UAW Contract Revises Grievance Procedure**

Highlights of the new contract between Bell Aircraft Corporation at Buffalo, New York and the United Auto Workers include, in addition to a 2% wage increase, several changes in noneconomic items. Among these is a major change in provisions covering company-paid grievance time and union representation. In general, the grievance procedure is streamlined to effect tighter controls. For instance, the new contract reduces by about 50% the number of union representatives in the production, maintenance and inspection units; it reduces by almost 70% the cost to the company for time used by union representatives in the handling of grievances. As a result of these changes, company officials estimate that an annual savings in wages of about \$135,000 will be realized.

The 2% wage increase results in an additional 6 cents per hour for the first three labor grades and 5

cents per hour for all other grades. Minimums and maximums are increased correspondingly. The contract also incorporates into the basic hourly rate 12 cents of the 15-cent cost-of-living allowance.

On the fringe side, the language of the new agreement is altered so that employees absent because of noncompensatory illness will be treated the same as employees on compensatory illness or injury: that is, they will be paid for only one holiday falling within their period of absence. Another fringe change involves the group insurance plan. The plan is modified to allow an increase in maternity benefits from a total of \$150 (including room and board) to \$150 plus room and board (up to \$15 per day for fourteen days).

Another noteworthy change regarding job evaluation is effected in the contract. The company can now write new jobs, evaluate and set rates for them without prior approval of the union. The union is given a thirty-day period after receipt of new job specifications to indicate approval or disapproval. In the event of disagreement, provision is made for negotiation. Any benefits to the employee resulting from the negotiations are applied retroactively.

**N. BEATRICE WORTHY**

*Division of Personnel Administration*



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## In the May Business Record

**Household Formation: Increase Ahead**—The rate of household formation predicted for the decades of the Sixties and Seventies should provide a basis for very favorable business conditions. A rise in the number of persons of marriageable age and of elderly people maintaining their own households are among the factors.

**Canadian Spending Patterns**—What are Canadian consumers spending for each of the items in the family budget? What is the effect of income on ownership of various consumer durables? What other factors enter into decisions to purchase? Our Canadian Office continues the analysis of spending patterns which first appeared in the January Business Record. The results of family budget surveys in five leading Canadian cities are examined.

**Prices in the First Quarter**—The stability exhibited by prices during 1958 and the early part of this year has been reflected in both the consumer price and wholesale indexes. Nevertheless concern about inflation would still seem to be justified. This article analyzes the factors in the economy that would generate a price uptrend as well as those favoring continued stability.

**Jobless Benefits as Offset to Payroll Loss in Three Recessions**—"Unemployment insurance benefits played a more important role in 1957-1958 than in the two earlier postwar recessions." The extent and character of this offset are compared for these three periods.

**Defense Spending: A Look Below the Total**—The Federal Government is expected to spend \$46 billion for major national security programs in the fiscal year 1959, and the 1960 level should be about the same. How has the money been allocated among the branches of the armed forces and for what types of armaments? Amounts spent for missiles, manned aircraft, "conventional" weapons, and research and development are examined.

**The 200 Largest Trade Firms in 1957**—The annual listing of the 200 largest trade firms ranked by total sales includes twelve new names for 1957. Food chains, as a group, accounted for a major portion of the sales gain of the first one hundred firms, with the other groups experiencing relatively small increases. Tables list financial ratios, net worth, inventories, number of employees, and other measures for the first one hundred.

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